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State of Montana Board of Investments 1974—1975 Fiscal Year Report

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DEPARTMENT OF ADMINISTRATION
BOARD OF INVESTMENTS

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January 13, 1976

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Dear Librarian:

Enclosed is the State of Montana's Board of Investments 1974-75 Annual Report. If you have any questions regarding this report I would be happy to discuss them with you.

Also enclosed is a reprint from the Montana Business Quarterly written by Maxine C. Johnson, Chairman of the Board of Investments. This article explains the operation of the Board and I feel confident that you will find it interesting. Some of the figures used in the article are estimated figures and they differ from the actual figures printed in our Annual Report.

Sincerely,

James R. Howeth, Investment Officer
Board of Investments

JRH:cl
Enc: 2

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Reprinted from the Montana Business Quarterly, Summer 1975

PUTTING STATE MONEY TO WORK

The Board of Investments has increased income to the state

MAXINE C. JOHNSON

Maxine C. Johnson is Director of the Bureau of Business and Economic Research, University of Montana, and a member of the Board of Investments since its establishment.

Picture a large enterprise, subject to wide seasonal fluctuations in income and periods of heavy cash surplus; add a responsibility for over $200 million in retirement and trust funds. Various employees, scattered among different departments of the organization and frequently unskilled in investments, handle portions of these huge sums of money—very often with no provision for professional advice and no evaluation of return on investment. Month-end balances in demand bank deposits (earning no interest) average $27 million over the course of a year.[1]

Not a very satisfactory system, but that is how Montana state government managed its money prior to 1971 and the Executive Reorganization Act. Section 82A-204 of that Act created a Board of Investments. It decreed that the "board of investments has the sole authority to exercise the investment functions transferred to it under section 82A-205 of this chapter. No other agency may invest state funds. All laws governing the exercise of the investment functions remain in effect, and the board shall direct the investment of state funds in accordance with those laws and the constitution of this state."

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[1] Office of the Legislative Auditor, State of Montana, *Office of the State Treasurer, Report on Examination, Calendar Year Ended December 31, 1969* (Helena, 1970), p. 31. The year referred to is fiscal 1969.

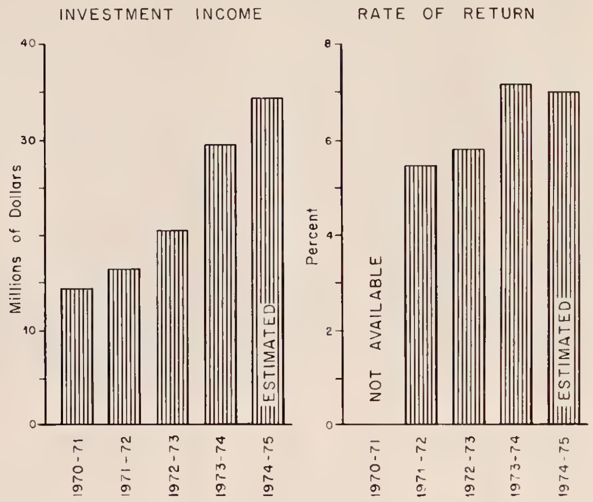
Ultraconservative restrictions as to type of investments permitted also had hindered investment efforts prior to the Investment Board's creation. Since that time, the new State Constitution and amended investment laws have gradually permitted greater discretion in investing and in the purchase of higher yielding securities. Whereas state investment formerly was pretty well limited to government securities or government-insured securities and mortgages, the new Investment Board has the option of corporate bonds, bankers' acceptances, commercial paper, and, to a limited extent, preferred and common stock, in building balanced portfolios for various state funds.

The Board is designated as a quasi-judicial board; that is, it administers the investment program and sets policy. Most state boards nowadays serve in a purely advisory capacity.

$34.3 million in income

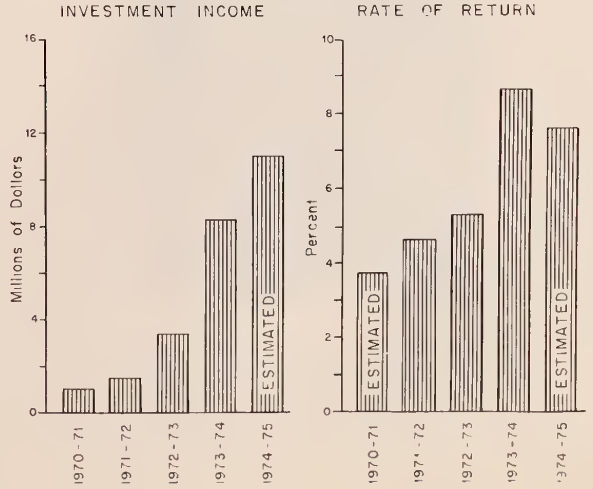
Few Montanans were aware of the establishment of the Board of Investments when the Reorganization Act was passed, and over the past four years relatively few have been aware of its activities. Yet during those years, the management of state money has been transformed. A professional investment staff has been hired; state investments have been centralized; a system of control over the investment process is in effect; a yearly audit is performed; and the state's idle cash has been invested. Income to the state treasury, to the various retirement funds, and to the trust and legacy and common school funds has increased dramatically. This is good news for Montana taxpayers; money earned on investments and available for governmental purposes is money which does not have to be raised through taxes. In fiscal 1975, the Board of Investments was responsible for approximately $34.3 million in income to the state; $11.0 million went into the General Fund of the State Treasury. These figures represented a net return of about 7.00 percent on total investments and 7.60 on Treasury funds.[2]

TOTAL INVESTMENT INCOME



Changes in income and rate of return for total investments and for some of the major funds, including the Treasurer's fund, are shown in the accompanying charts. Because of the overwhelming importance of short-term investments in the Treasurer's fund and in total investments, the rate of return followed the pattern of short-term interest rates and declined in fiscal 1975.

TREASURER'S FUND



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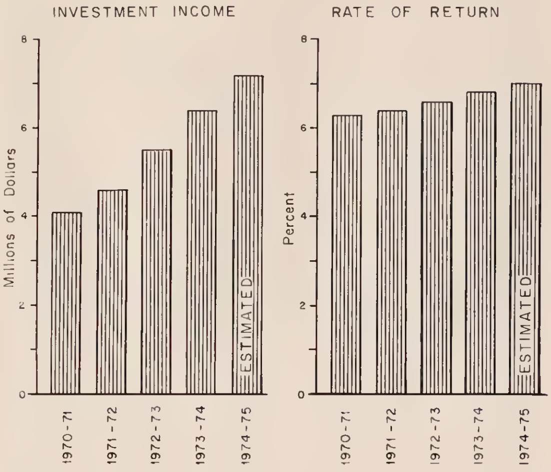
[2] Board of Investments, Department of Administration, State of Montana, Helena. These figures are estimates as of April 30, 1975.

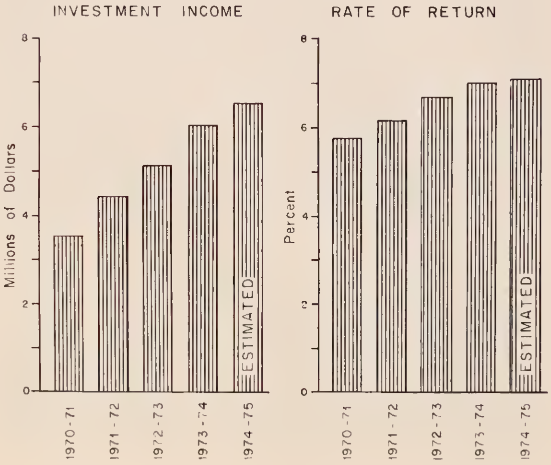
PUBLIC EMPLOYEES' RETIREMENT FUND



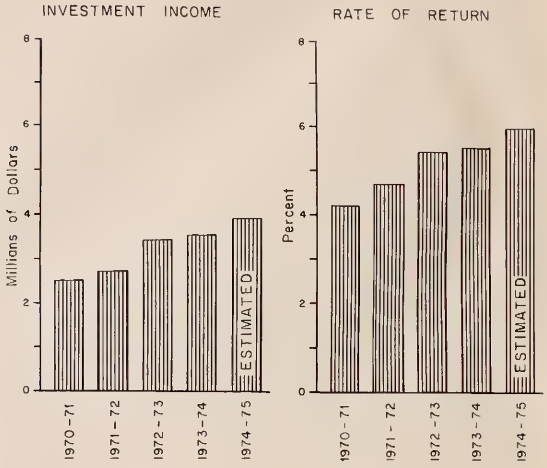
Better management and more money to invest

Much of the increase in investment income should be credited to improved management, but there were other factors as well. The return increased not only because of better investment practices, but because of the changes in the investment laws

TEACHERS' RETIREMENT FUND



TRUST AND LEGACY FUND



which permitted the Board to invest in higher-yielding securities and because interest rates rose rapidly during part of the period. And, there was more state money to invest; total investments at cost grew from $270 million on June 30, 1971, to almost $468 million on June 30, 1974. Mostly, this was because the various funds had grown in size, but it also was due to a conscious effort on the part of the Board to keep all available money invested.

It should be noted that the quality of management of the various funds had differed greatly prior to 1971. The major retirement funds—Teachers and Public Employees—show less change in return than some others because they were better managed when the Board took over.

The $468 million invested as of June 30, 1974, consisted of some fifty separate funds plus a short-term investment pool. The funds ranged from the Treasurer's fund (surplus treasury cash) at $132.9 million and the large retirement funds—Public Employees ($104 million) and Teachers ($95 million)—to the Cosmetology Board fund of $5,000.

Investing with prudence and discretion

Any board or staff personnel investing large amounts of public funds would be expected to

Table 1

Investments by Fund

Board of Investments, State of Montana
June 30, 1974

Fund	Amount
Treasurer's Fund	$132,868,584
Public Employees' Retirement System Fund	103,473,846
Teachers' Retirement System Fund	73,042,411
Trust and Legacy Fund	64,263,773
Workmen's Compensation Fund	26,333,553
Long Range Building Fund	8,674,714
Social Security Fund	7,057,334
Common School Interest and Income Fund	5,096,791
All other funds	46,717,331
Total	$467,528,337

Source: Montana Board of Investments, State of Montana, 1973-1974 Fiscal Year Report (Helena, 1975), p. 2.

Table 2

Investments by Type

Board of Investments, State of Montana
June 30, 1974

Type of Investment	Amount
Corporate bonds	$178,253,798
U.S. government securities	120,396,629
Bankers' acceptances	55,814,197
Montana mortgages	43,481,823
Montana certificates of deposit	37,912,000
Canadian obligations[1]	11,964,159
Commercial paper	10,863,273
Common stock	7,380,528
Other[2]	1,461,930
Total	$467,528,337

Source: Montana Board of Investments, State of Montana, 1973-1974 Fiscal Year Report (Helena, 1975), pp. 2 and 60.

[1] Payable in U.S. dollars.

[2] Includes $1.3 million of Employment Security Commission building revenue bonds.

exercise great discretion. Montana law attempts to reinforce that expectation in several ways.

First, the board is bound by the prudent man rule, which states that it shall exercise "that degree of judgment and care, under circumstances from time to time prevailing, which men of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation but for investment, considering the probable safety of their capital as well as the probable income to be derived." (Section 79-308, R.C.M. 1947.)

Second, Montana law provides limitations on how various funds may be invested. Treasury money, for instance, may be invested in federal government obligations, certificates of deposit in Montana banks, repurchase agreements,[3] bankers' acceptances,[4] and commercial paper.[5] Banks holding state deposits must pledge certain securities with market value equal to the amount of uninsured deposits as collateral; both bankers' acceptances and commercial paper must meet certain quality standards described in the statutes. No more than 10 percent of the book value of any fund may be invested in commercial paper. Retirement funds, which are invested long term, may be used to purchase U.S. Treasury securities and federal agency issues, Montana CDs, Montana mortgages, corporate bonds, or (since July 1, 1973) common stock. The enabling legislation provides rather stringent conditions as to the quality of

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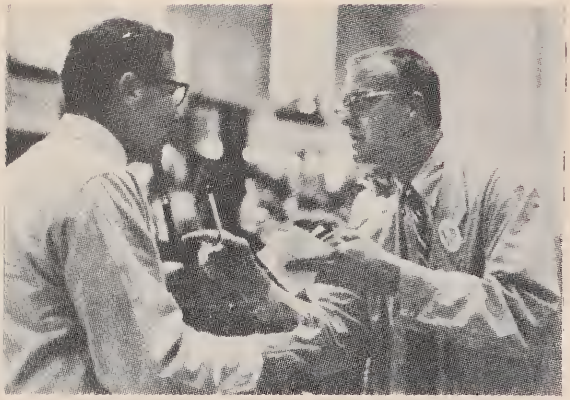
[3] Repurchase agreements are sales of short-term federal securities by dealers to investors, with the dealer agreeing to repurchase the securities at a specified future time. Because the instrument involved is a U.S. Government security, there is no default risk. Rates are related to rates on federal funds.

[4] Bankers' acceptances are drafts accepted by banks, used in the financing of trade. Acceptances generally have maturities of less than 180 days and are of very high quality. Rates tend to be slightly higher than rates on Treasury bills of like maturity.

[5] Commercial paper consists of short-term unsecured promissory notes issued by finance companies and certain industrial firms. Rates are somewhat higher than on Treasury bills of the same maturity and about the same as on bankers' acceptances.



stock purchased; corporate obligations must meet high rating requirements; and mortgage purchases also must conform to a number of conditions prescribed by state law. Not more than 20 percent of a retirement fund may be invested in common stock and not more than 50 percent of the total book value of a retirement fund may be invested in Montana mortgages.

Thus, the board not only is legally bound to carry out its activities prudently and judiciously, but it must be certain that investments meet requirements specified by Montana law.

Two major goals: earning a high return and helping the state economy

Within the framework of legal requirements and prudent investment practices described above, there are, of course, general policy decisions to be made. These policies are established by the Board and carried out by the staff, headed by the investment officer. In this connection, the Board has had two primary policy goals: one, earning the highest possible return; and, two, conducting its business in a manner beneficial to the Montana economy by making funds available for use in the state.

Putting all the money to work. One of the first actions by the Board served both these goals very well. This was the withdrawal of almost $20 million in Treasury funds from demand accounts in Montana banks and the establishment of a policy of making funds available through the sale of negotiable-rate certificates of deposit.

Negotiable-rate CDs, of course, are those over $100,000. As of June 30, 1974, total Treasury cash in demand deposits was just over $2 million, most of it in the Helena clearing bank, compared to the $20 million three years earlier. (The daily average percentage of Treasury surplus cash invested has been 97 percent since February 1974.) Total state funds (including Treasury funds) in interest-drawing certificates of deposit, on the other hand, grew from $17 million on June 30, 1971, to $37.9 million on June 30, 1974. Thus the amount of money in Montana banks was about the same in 1974 as in 1971; the difference was that in 1974 it was earning interest.

It is significant that at the same time that state income was being increased through the shift from demand deposits to CDs, state money was being redistributed to the communities which needed it. Banks in communities where there is a strong demand for loanable funds have proved to be aggressive bidders for state money. The market has been permitted to allocate the distribution of state funds among banks on the basis of need, rather than historical accident, political influence, or whatever may have been the reasons in the past. Interestingly, although some observers feared that banks in small communities might lose out, bankers in some small towns regularly bid for and purchase CDs.

In 1974, the legislature provided that state funds could be deposited in savings and loan associations. Several of these institutions have qualified as state depositories. State money deposited in these associations will, of course, become available for home loans in Montana.

Swapping bonds for higher income. One of the ways income on investments has been increased is through bond swapping. The Board inherited large amounts of low yielding bonds. As of March 31, 1975, it had swapped approximately $69.1 million worth for higher yielding issues. Often this has involved selling Treasury bonds and purchasing corporate bonds, which were designated as a legal investment by the 1973 legislature for the Trust and Legacy Fund.

Total income to the state is estimated to have been increased by approximately $1.1 million per year as a result of the bond swapping program.

Investing in Montana mortgages. Before the Board's establishment, individual retirement funds had been invested in Montana mortgages, and the Board continued this policy. Residential and commercial mortgages are purchased from financial institutions; the selling institutions service the loans. As of June 30, 1974, the Board held approximately $43.5 million in mortgages—about 10 percent less than when the Board took over, but still a substantial amount.

The Board has actively solicited mortgage offerings from Montana financial institutions; however, yields to the retirement funds must be at current mortgage market rates and should be comparable to the return available on other legal investments.

Investing in the stock market. Both the legislature, which in 1973 approved investment in preferred and common stocks for the retirement funds, and the Investment Board viewed the new policy with some trepidation. Although the law says that up to 20 percent of a retirement fund may be invested in equities, and even though market prices have been historically low during much of the time since stock purchasing was authorized, the Board has been very cautious in its stock buying. In addition to limited purchasing, it has only invested funds of the two large retirement funds—Teachers and Public Employees—in stocks. As of March 31, 1975, approximately 7½ percent of the total investable funds of these two groups was in common stock. No purchases of preferred stock have been made. Investments for the smaller retirement funds all are in fixed income securities.

The rationale for investment in common stocks, of course, is that over the long run some portion of a fund should be invested in equities as a hedge against inflation. This theory has not worked out well recently, but most experts agree that it is both reasonable and prudent to expect significant appreciation in common stock values over the next few decades.

The law prescribes certain standards which any stocks purchased must meet: the stock must have paid cash dividends for at least five years preceding purchase; the aggregate earnings of the corporation must have at least equalled the total cash dividends paid; and the stock of any one corporation may not exceed one percent of the book value of a retirement fund. The Board has established an approved list of stocks which meet these standards and from which purchases are made. All of this has been done in cooperation with an investment counselling firm which the Board retains on a consulting basis.

Sending money out of state. Despite the concern of the Board in making money available in Montana, one overriding consideration dictates that the bulk of investments be made out of state: the fact that most of the Board's volume consists of short-term investments. Treasury money destined to pay the state's bills often must be invested for short periods of time, perhaps for only a day or a week. Individual funds must be managed in the light of each fund's cash flow and its special requirements. School money distributions to local districts from the Common School Interest and Income Fund, for instance, are made in January, February, March, June, and September and involve large sums of cash. For these reasons, the Board's activities require substantial use of short-term investment instruments, and such instruments simply are not available in the state. It is worth noting, however, that money invested out of state today may be returned tomorrow, plus interest.

The short-term investment pool: an opportunity for local governments

In 1973, the legislature approved legislation directing the establishment of a short-term investment pool (STIP). Local governments—cities, counties, school districts—may participate in the pool together with state agencies. The purpose is to provide an investment vehicle for small sums of money for short periods of time and at the same time provide liquidity to the participant.

At the end of April 1975, the pool had grown to $123 million, with fifty participants. Members of the pool included twenty-two state accounts, five university units, and twenty-three local government units—counties, cities, school districts and firemen's and policemen's retirement funds. The retirement funds are required by state law to participate; they account for twelve of the twenty-three local government members.

Obviously, the response from local governments has not been overwhelming. Many local officials may not be aware of the pool and its advantages; some are concerned about their relationships with local financial institutions. The chances are, however, that local governments are losing significant amounts of income through their failure to invest excess funds, in large or small amounts, for brief periods of time. Amounts of $1,000 or more may be placed in STIP for investment for a day, a week, or whatever time period is desired. Funds are available from STIP on demand; thus, participants maintain liquidity.

Agencies participating in the short-term investment pool were the beneficiaries of high short-term interest rates in 1974. During the twelve months between June 1, 1974, and May 31, 1975, the return amounted to 9.24 percent on the average daily invested balance—the highest of any fund under the management of the Board.

But what about the cost?

In terms of the amount of money handled—total transactions amounted to over $3.0 billion in fiscal 1975—the cost of operating the Board is minimal: its 1975 budget amounted to less than $177,000. This figure includes staff salaries, consultants' fees, and all other operating expenses. It does not, of course, include commissions on security transactions.

Evaluating the performance

When it began operation in the summer of 1971, the Investment Board had no way to go but up. Improved money management plus broader investment authority—making it possible to invest in higher-yielding securities—pretty well ensured a substantial increase in investment income. During most of 1973 and much of 1974 rising interest rates helped push income up.

Granted that such an increase was almost certain, have the Board's operations been as successful in terms of rate of return as might reasonably be expected? That question is difficult to answer; an evaluation of performance in the light of state statutes and goals, conducted by an outside investment expert, might be the best approach. There are no plans for such an evaluation. Comparing Montana's program to investment activities in other states is suspect because investment agencies in different states operate under different laws and different conditions.

One indication of performance pertains to the common stock portfolio of the Teachers' and Public Employees' Retirement funds. During calendar year 1974, the Montana portfolio ranked in the first quartile (top 25 percent) among 350 retirement funds in both dollar-weighted and time-weighted rates of return. Given the performance of the stock market during 1974, this meant that the Montana portfolio had a smaller loss than most other retirement funds. Between December 31, 1974, and May 31, 1975, however, the market value of common stocks held by Montana retirement funds increased to a point where it was significantly greater than cost.

The future

Much of the increased income to be garnered from better management and from shifts into higher-yielding securities has now been captured. There is room for further improvement, but future gains probably will be much smaller. The amount of surplus cash available for investment is not likely to increase as rapidly in coming years.

This means that from now on, changes in investment income will be tied more closely to developments in the money markets. There will be fluctuations, particularly in the rate of return to the Treasury fund, with its predominately short-term investments. Nevertheless, Montanans should feel satisfaction in knowing that, at last, public funds are being managed professionally. □

Board of Investments
State of Montana
June 1975

Members

Dean H. Albert, Vice President
Bancorporation of Montana
Great Falls

Robert Y. Amrine, Senior Vice President
Prudential Federal Savings and
Loan Association
Butte

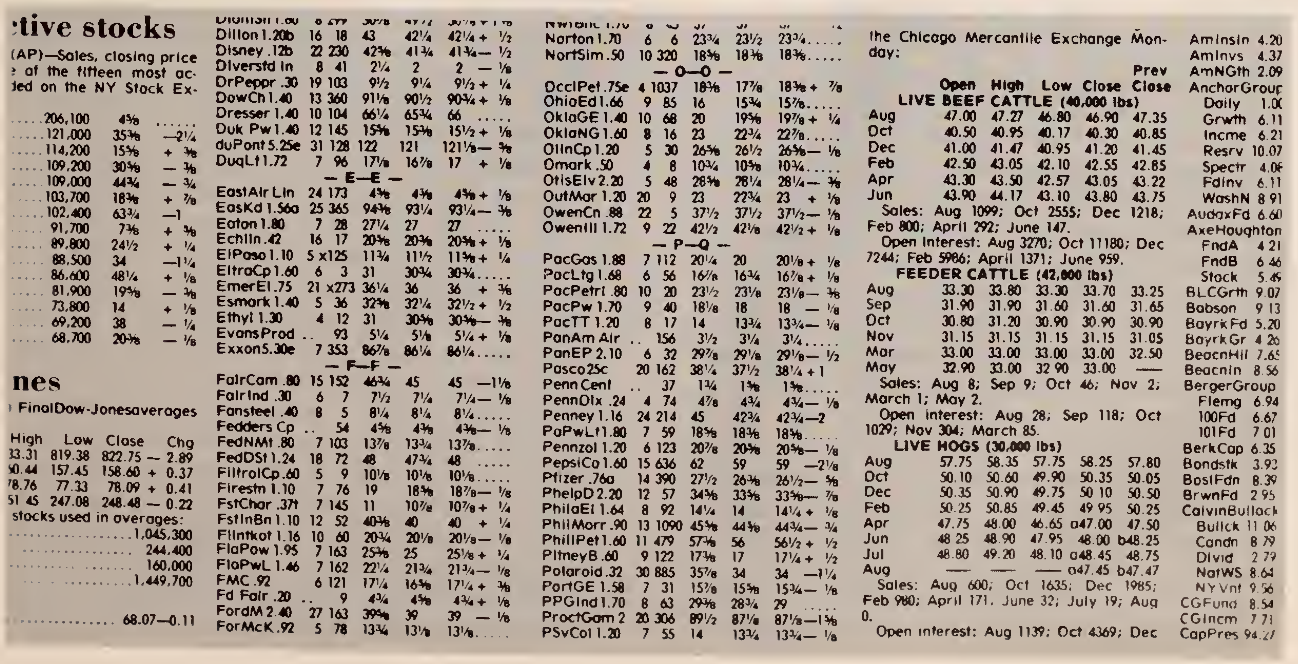
Paul D. Caruso, President
First Security Bank
Helena

John A. Hauf, Attorney at Law
Hauf and Forsythe
Billings

Maxine C. Johnson, Director
Bureau of Business and Economic
Research
University of Montana
Missoula

State Investment Officer
James R. Howeth

Assistant Investment Officer
David J. Brown



tive stocks

(AP)—Sales, closing price
of the fifteen most ac-
ded on the NY Stock Ex-

206,100	4⅝	......
121,000	35⅜	—2¼
114,200	15⅝	+ ⅜
109,200	30⅜	— ⅜
109,000	44¾	— ¾
103,700	18⅜	+ ⅞
102,400	63¾	—1
91,700	7⅜	+ ⅜
89,800	24½	+ ¼
88,500	34	—1¼
86,600	48¼	+ ⅛
81,900	19⅝	— ⅜
73,800	14	+ ⅛
69,200	38	— ¼
68,700	20⅜	— ⅛

nes

FinalDow-Jonesaverages

High	Low	Close	Chg
33.31	819.38	822.75	— 2.89
50.44	157.45	158.60	+ 0.37
78.76	77.33	78.09	+ 0.41
51 45	247.08	248.48	— 0.22

stocks used in averages:
................1,045,300
.... 244,400
.... 160,000
................1,449,700

.... 68.07—0.11

Dillon 1.20b	16	18	43	42¼	42¼	+ ½
Disney .12b	22	230	42⅝	41¾	41¾	— ½
Diverstd In	8	41	2¼	2	2	— ⅛
DrPeppr .30	19	103	9½	9¼	9½	+ ¼
DowCh 1.40	13	360	91⅛	90½	90¾	+ ⅛
Dresser 1.40	10	104	66¼	65¾	66	.....
Duk Pw 1.40	12	145	15⅝	15⅜	15½	+ ⅛
duPont 5.25e	31	128	122	121	121⅛	— ⅝
DuqLt 1.72	7	96	17⅛	16⅞	17	+ ⅛
— E—E —						
EastAir Lin	24	173	4⅝	4⅜	4⅝	+ ⅛
EasKd 1.56a	25	365	94⅜	93¼	93¼	— ⅜
Eaton 1.80	7	28	27¼	27	27	.....
Echlin .42	16	17	20⅝	20⅜	20⅝	+ ⅛
ElPaso 1.10	5	x125	11¾	11½	11⅝	+ ¼
EltraCp 1.60	6	3	31	30¾	30¾	.....
EmerEl .75	21	x273	36¼	36	36	+ ⅜
Esmark 1.40	5	36	32⅝	32¼	32½	+ ½
Ethyl 1.30	4	12	31	30⅝	30⅝	— ⅜
EvansProd	..	93	5¼	5⅛	5¼	+ ⅛
Exxon 5.30e	7	353	86⅞	86¼	86¼	.....
— F—F —						
FairCam .80	15	152	46¾	45	45	—1⅛
FairInd .30	6	7	7½	7¼	7¼	— ⅛
Fansteel .40	8	5	8¼	8¼	8¼	.....
Fedders Cp	..	54	4⅝	4⅜	4⅜	— ⅛
FedNMt .80	7	103	13⅞	13¾	13⅞	.....
FedDSt 1.24	18	72	48	47¾	48	.....
FiltrolCp .60	5	9	10⅛	10⅛	10⅛	.....
Firestn 1.10	7	76	19	18⅝	18⅞	— ⅛
FstChar .37t	7	145	11	10⅞	10⅞	+ ¼
FstInBn 1.10	12	52	40⅜	40	40	+ ¼
Flintkot 1.16	10	60	20¾	20⅛	20⅛	— ⅛
FlaPow 1.95	7	163	25⅜	25	25⅛	+ ¼
FlaPwL 1.46	7	162	22¼	21¾	21¾	— ⅛
FMC .92	6	121	17¼	16⅝	17¼	+ ⅜
Fd Fair .20	..	9	4¾	4⅝	4¾	+ ⅛
FordM 2.40	27	163	39⅝	39	39	— ⅛
ForMcK .92	5	78	13¾	13⅛	13⅛	.....

Norton 1.70	6	6	23¾	23½	23¾	.....
NortSim .50	10	320	18⅝	18⅜	18⅜	.....
— O—O —						
OcciPet .75e	4	1037	18⅜	17⅞	18⅜	+ ⅞
OhioEd 1.66	9	85	16	15¾	15⅞	.....
OklaGE 1.40	10	68	20	19⅝	19⅞	+ ¼
OklaNG 1.60	8	16	23	22¾	22⅞	.....
OlinCp 1.20	5	30	26⅝	26½	26⅝	— ⅛
Omark .50	4	8	10¾	10⅝	10¾	.....
OtisElv 2.20	5	48	28⅝	28¼	28¼	— ⅜
OutMar 1.20	20	9	23	22¾	23	+ ⅛
OwenCn .88	22	5	37½	37½	37½	— ⅛
OwenIll 1.72	9	22	42½	42⅛	42½	+ ⅛
— P—Q —						
PacGas 1.88	7	112	20¼	20	20⅛	+ ⅛
PacLtg 1.68	6	56	16⅞	16¾	16⅞	+ ⅛
PacPetrl .80	10	20	23½	23⅛	23⅛	— ⅜
PacPw 1.70	9	40	18⅛	18	18	— ⅛
PacTT 1.20	8	17	14	13¾	13¾	— ⅛
PanAm Air	..	156	3½	3¼	3¼	.....
PanEP 2.10	6	32	29⅞	29⅛	29⅛	— ½
Pasco 25c	20	162	38¼	37½	38¼	+ 1
Penn Cent	..	37	1¾	1⅝	1⅝	.....
PennDix .24	4	74	4⅞	4¾	4¾	— ⅛
Penney 1.16	24	214	45	42¾	42¾	—2
PaPwLt 1.80	7	59	18⅝	18⅜	18⅝	.....
Pennzol 1.20	6	123	20⅞	20⅝	20⅝	— ⅛
PepsiCo 1.60	15	636	62	59	59	—2⅛
Pfizer .76a	14	390	27½	26⅜	26½	— ⅝
PhelpD 2.20	12	57	34⅝	33⅝	33⅝	— ⅞
PhilaEl 1.64	8	92	14¼	14	14¼	+ ⅛
PhilMorr .90	13	1090	45⅝	44⅝	44¾	— ¾
PhillPet 1.60	11	479	57⅜	56	56½	+ ½
PitneyB .60	9	122	17⅜	17	17¼	+ ½
Polaroid .32	30	885	35⅞	34	34	—1¼
PortGE 1.58	7	31	15⅞	15⅝	15¾	— ⅛
PPGInd 1.70	8	63	29⅜	28¾	29	.....
ProctGam 2	20	306	89½	87⅛	87⅛	—1⅜
PSvCol 1.20	7	55	14	13¾	13¾	— ⅛

the Chicago Mercantile Exchange Monday:

	Open	High	Low	Close	Prev Close
LIVE BEEF CATTLE (40,000 lbs)					
Aug	47.00	47.27	46.80	46.90	47.35
Oct	40.50	40.95	40.17	40.30	40.85
Dec	41.00	41.47	40.95	41.20	41.45
Feb	42.50	43.05	42.10	42.55	42.85
Apr	43.30	43.50	42.57	43.05	43.22
Jun	43.90	44.17	43.10	43.80	43.75

Sales: Aug 1099; Oct 2555; Dec 1218; Feb 800; April 292; June 147.

Open Interest: Aug 3270; Oct 11180; Dec 7244; Feb 5986; April 1371; June 959.

	Open	High	Low	Close	Prev Close
FEEDER CATTLE (42,000 lbs)					
Aug	33.30	33.80	33.30	33.70	33.25
Sep	31.90	31.90	31.60	31.60	31.65
Oct	30.80	31.20	30.90	30.90	30.90
Nov	31.15	31.15	31.15	31.15	31.05
Mar	33.00	33.00	33.00	33.00	32.50
May	32.90	33.00	32 90	33.00	——

Sales: Aug 8; Sep 9; Oct 46; Nov 2; March 1; May 2.

Open interest: Aug 28; Sep 118; Oct 1029; Nov 304; March 85.

	Open	High	Low	Close	Prev Close
LIVE HOGS (30,000 lbs)					
Aug	57.75	58.35	57.75	58.25	57.80
Oct	50.10	50.60	49.90	50.35	50.05
Dec	50.35	50.90	49.75	50 10	50.50
Feb	50.25	50.85	49.45	49 95	50.25
Apr	47.75	48.00	46.65	a47.00	47.50
Jun	48 25	48.90	47.95	48.00	b48.25
Jul	48.80	49.20	48.10	a48.45	48.75
Aug	——	——	——	a47.45	b47.47

Sales: Aug 600; Oct 1635; Dec 1985; Feb 980; April 171. June 32; July 19; Aug 0.

Open interest: Aug 1139; Oct 4369; Dec

AmInsIn	4.20
AmInvs	4.37
AmNGth	2.09
AnchorGroup	
Daily	1.00
Grwth	6.11
Incme	6.21
Resrv	10.07
Spectr	4.06
FdInv	6.11
WashN	8 91
AudaxFd	6.60
AxeHoughton	
FndA	4 21
FndB	6 46
Stock	5.49
BLCGrth	9.07
Babson	9 13
BayrkFd	5.20
BayrkGr	4 26
BeacnHil	7.65
BeacnIn	8.56
BergerGroup	
Flemg	6.94
100Fd	6.67
101Fd	7 01
BerkCap	6.35
Bondstk	3.93
BostFdn	8.39
BrwnFd	2 95
CalvinBullock	
Bullck	11 06
Candn	8 79
Divid	2 79
NatWS	8.64
NYVnt	9.56
CGFund	8.54
CGIncm	7 71
CapPres	94.27

State of Montana
Department of Administration
Board of Investments

Thomas L. Judge, Governor

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INTRODUCTION

Fiscal 1975 is the fourth year of operation for the Board of Investments. Historical highs in the amount of money under management and in the amount of investment income were established. Within a relatively short period of time the Board of Investments has become an integral part of state government; every Montanan has benefited from the Board's investment program.

The Board's investment posture and policies can best be understood by a knowledge of the laws under which it must operate and the funds which it invests.

By law, the Board operates under the **Prudent Man Rule.** This rule is well known, but not widely understood. It requires that the Board exercise "that degree of judgment and care, under circumstances from time to time prevailing, which men of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation but for investment, considering the probable safety of their capital as well as the probable income to be derived."

The funds invested by the Board can be classified into four categories.

RETIREMENT FUNDS consist of contributions by employees and employers, with income accruing to the employee. These funds represent the largest category under investment management, forty-three (43) percent of the total as of June 30, 1975.

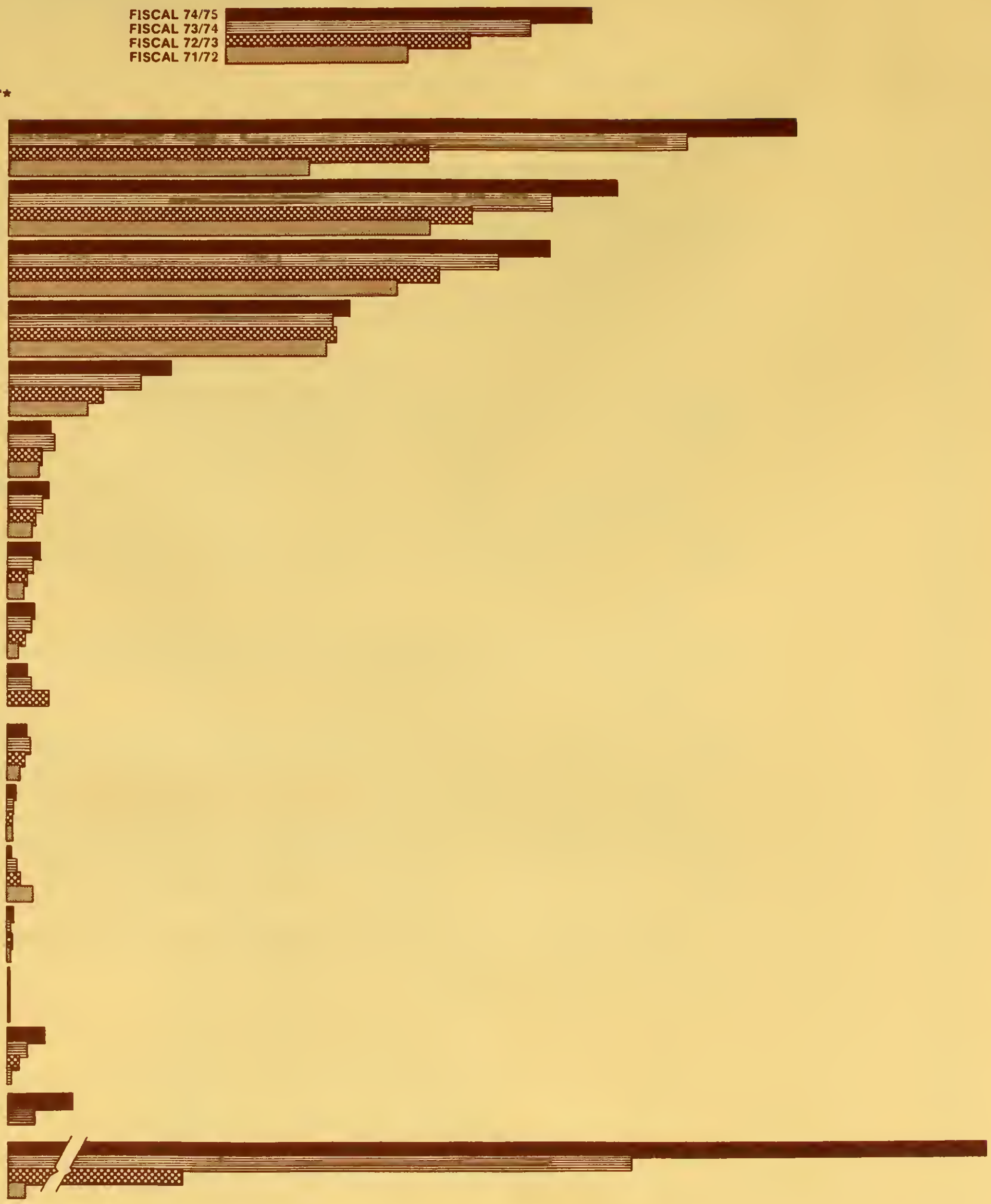
TRUST FUNDS have been established by the Montana Constitution or state law; their income is used for specified purposes. For example, local school districts are the main beneficiaries of investment income from the Trust and Legacy Fund. Trust funds account for almost fourteen (14) percent of the total funds under management.

INSURANCE FUNDS are established to provided a reserve for specific purposes. The largest insurance fund under the Board's management is the Workmen's Compensation Fund, derived from employer contributions. Insurance funds account for seven (7) percent of the total funds under management.

SHORT-TERM FUNDS consist mostly of state tax receipts and federal revenue collected by the state. These funds have been appropriated by the legislature for various purposes; therefore, they can only be invested for short periods of time. Money collected by the State Treasurer makes up the largest short-term fund. Combined, short-term funds account for thirty-six (36) percent of the total funds under management.

State law specifies permissible investments for each fund; the Board operates within those statutes and also determines policy.

SOURCE OF INVESTMENTS



	% OF TOTAL	AMOUNT*
Treasurer's Fund	28.8	$154,853,092
	28.3	132,868,584
	21.6	82,390,082
	18.4	59,171,750
Public Employees' Retirement System Fund	22.2	119,289,223
	22.1	103,473,526
	23.8	90,765,329
	24.9	80,055,280
Teachers' Retirement System Fund	19.1	103,197,065
	19.8	93,063,895
	22.1	84,143,598
	22.8	73,042,411
Trust & Legacy Fund	12.4	67,007,762
	13.7	64,183,277
	17.0	64,903,878
	19.5	62,648,333
Workmens' Compensation Fund	6.0	32,375,482
	5.6	26,333,050
	4.8	18,116,007
	5.0	16,127,000
Long Range Building Fund	1.6	8,324,078
	1.9	8,674,714
	1.8	6,888,183
	2.1	6,884,407
Social Security Fund	1.5	8,008,610
	1.5	7,057,334
	1.6	5,915,653
	1.6	4,985,504
Other Retirement Funds ■	1.3	6,787,368
	1.0	4,906,604
	1.1	4,297,957
	1.1	3,683,476
Common School Interest & Income Fund	1.0	5,378,438
	1.1	5,096,791
	1.0	3,783,000
	.9	2,762,388
Federal Revenue Sharing Fund	.7	4,189,963
	1.0	4,614,595
	2.1	8,196,835
Long Range Building Sinking Fund	.6	3,597,000
	.9	4,177,000
	.9	3,472,469
	.9	2,722,000
Hail Insurance Fund	.4	1,973,651
	.4	1,786,182
	.4	1,700,090
	.5	1,700,125
Various University Funds ■	.3	1,379,750
	.5	2,253,493
	.7	2,806,024
	1.6	5,174,360
Volunteer Fireman's Fund	.3	1,360,803
	.2	911,398
	.3	974,134
	.3	908,300
Livestock Funds ■	.1	451,868
	.1	449,428
	.1	445,058
	.2	498,200
Other Funds ■	1.4	7,553,214
	.7	3,258,914
	.7	2,589,114
	.2	628,353
Other STIP ■	2.3	12,585,731
	1.2	5,664,829
TOTAL	100.0	$538,313,098
	100.0	$468,773,614
	100.0	$381,387,411
	100.0	$320,991,887

*Stated at Cost

■See Schedule A

1974-75 OPERATIONS

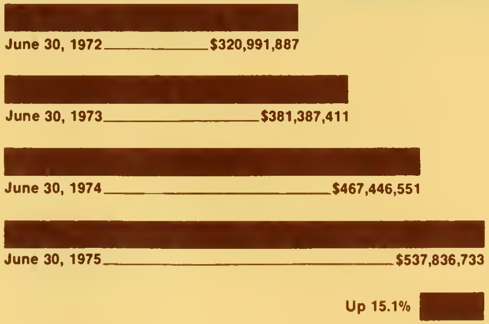
Total investment income rose to a record high for the fourth consecutive year, amounting to $37.1 million, or 26.2 percent more than in 1973-74. Income earned on surplus treasury funds amounted to $12.1 million; this income is credited to the state's General Fund.

Total funds under management grew to a face value of $551 million, representing a 14.7 percent increase over the $480 million in the preceding year. For the last two fiscal years, investment income has grown at almost twice the rate of growth of funds under management, thanks to a period of high interest rates and the results of an active bond swapping program.

Security transactions during the 1974-75 fiscal year amounted to $4.2 billion, more than double the previous year's transactions of $1.8 billion. Short-term transactions accounted for 97 percent of total volume; the majority of transactions, volume wise, were in money market instruments.

Currently the Legislative Auditor is auditing records for the fiscal year 1975. Once the audit is completed, the Board of Investments' operations will have been audited for each year since its inception.

TOTAL INVESTMENTS AT COST:



SUMMARY OF SECURITY TRANSACTIONS
6/30/75

SHORT-TERM

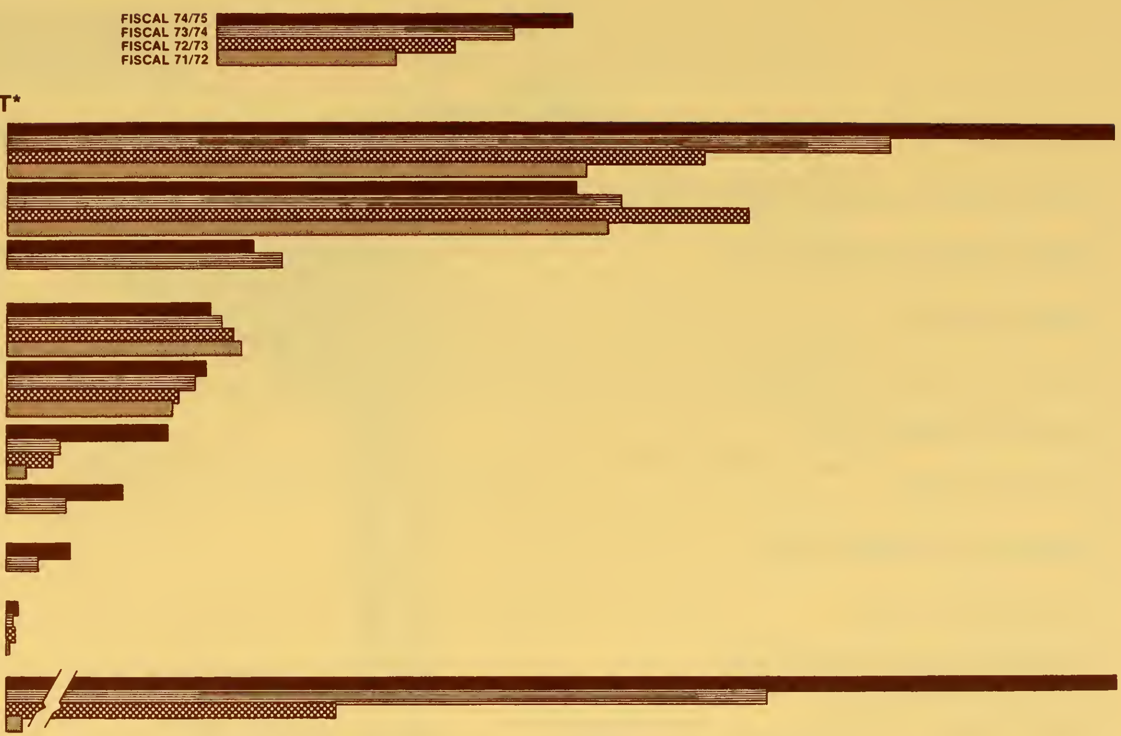
PURCHASES	PAR VALUE	COST/PROCEEDS
Bankers Acceptance	$ 352,138,033	$ 347,429,686
Certificates of Deposit	42,852,700	42,852,700
Commercial Paper	328,910,000	327,296,597
Government Securities	9,692,600	9,330,680
Repurchase Agreements	3,364,207,000	3,364,207,000
TOTAL	$ 4,097,800,333	$ 4,091,116,663
SALES:		
Short-Term	$ 34,037,600	$ 34,063,670
TOTAL SHORT-TERM TRANSACTIONS	$ 4,131,837,933	$ 4,125,180,333

LONG-TERM

PURCHASES:		
Common Stock - Shares **194,342**	$ -0-	$ 5,549,362
Corporate Bonds	65,542,440	61,542,616
Government Securities	17,600,000	17,615,057
Mortgages	4,246,217	4,161,204
TOTAL	$ 87,388,657	$ 88,868,239
SALES:		
Common Stock - Shares **14,000**	$ -0-	$ 535,106
Corporate Bonds	6,950,000	6,759,925
Government Securities	19,518,000	16,311,856
TOTAL	$ 26,468,000	$ 23,606,887
TOTAL LONG-TERM TRANSACTIONS	$ 113,856,657	$ 112,475,126
TOTAL TRANSACTIONS	$ 4,245,694,590	$ 4,237,655,459

TOTAL NUMBER OF TRANSACTIONS 1,514

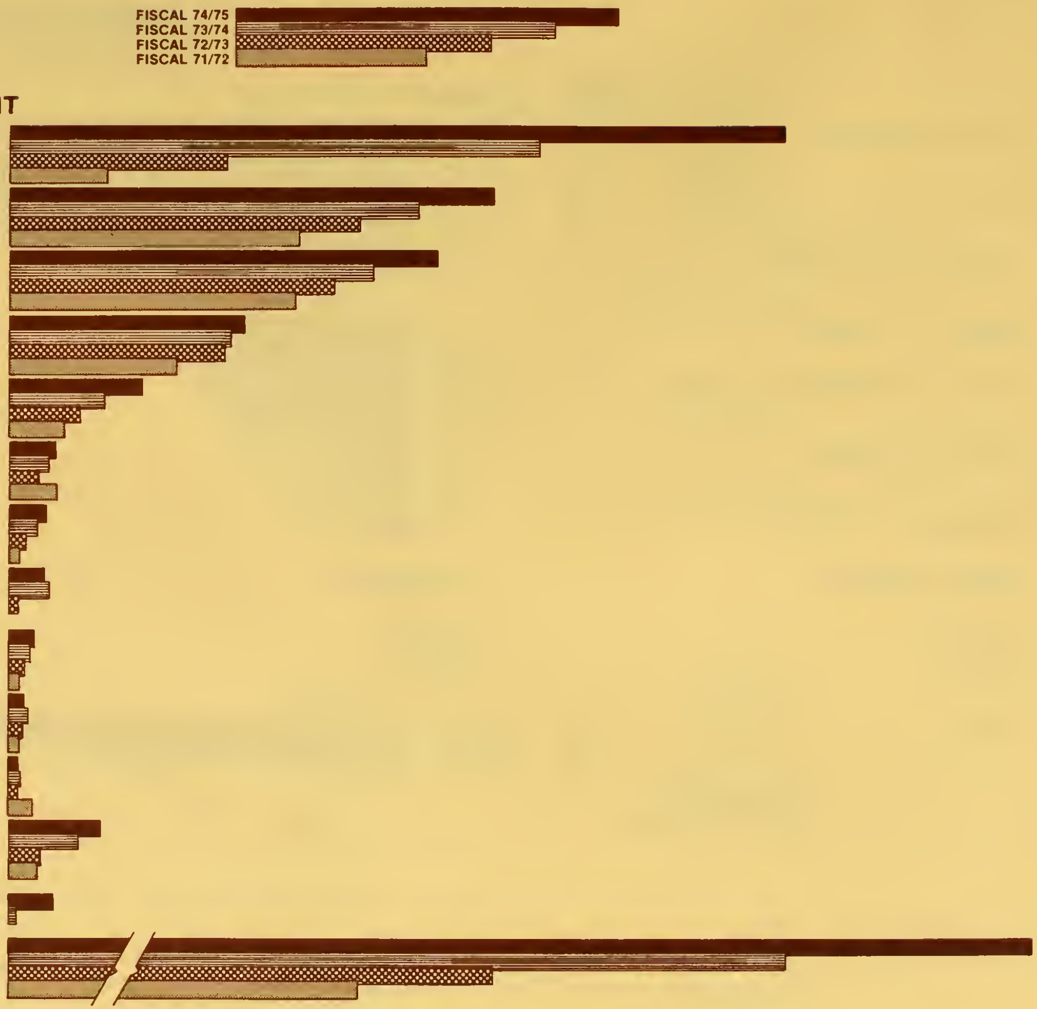
TYPE OF INVESTMENTS



	% OF TOTAL	AMOUNT*
Corporate Bonds	41.6	$223,280,067
	38.1	178,196,016
	36.8	140,373,773
	36.3	116,650,823
U.S. Government Securities	21.3	114,406,121
	25.8	120,372,625
	39.1	149,293,422
	36.6	117,460,698
Bankers' Acceptances	9.3	50,140,195
	11.9	55,814,197
Montana Mortgages	7.7	41,373,864
	9.3	43,481,823
	12.1	46,051,645
	14.8	47,583,476
Montana Certificates of Deposit	7.6	40,795,000
	8.1	37,912,000
	9.1	34,676,172
	10.5	33,736,188
Commercial Paper	6.1	33,174,708
	2.3	10,863,273
	2.5	9,404,399
	1.4	4,428,129
Canadian Obligations	3.8	20,414,046
	2.6	11,964,159
Common Stock	2.3	12,574,016
	1.6	7,380,528
Other ■	.3	1,678,716
	.3	1,461,930
	.4	1,588,000
	.4	1,132,573
TOTAL	100.0	$537,836,733
	100.0	$467,446,551
	100.0	$381,387,411
	100.0	$320,991,887

***Stated At Cost**
■See Schedule B

TOTAL INVESTMENT INCOME



	% OF CHANGE	AMOUNT
Treasurer's Fund	45.5 146.3	$ 12,135,349 8,340,038 3,385,647 1,507,755
Public Employees' Retirement System Fund	19.5 16.1	7,593,641 6,351,912 5,471,055 4,566,690
Teachers' Retirement System Fund	12.4 17.5	6,702,284 5,963,310 5,075,517 4,402,802
Trust & Legacy Fund	6.8 3.8	3,712,287 3,476,332 3,349,227 2,666,280
Workmens' Compensation Fund	42.4 36.4	2,105,791 1,478,969 1,084,250 868,789
Long Range Building Fund	23.8 46.1	785,803 634,752 434,478 738,234
Social Security Fund	27.3 92.1	604,250 474,642 247,054 188,417
Federal Revenue Sharing Funds	(20.2) 380.2	500,894 628,027 130,783
Other Retirement Funds	20.7 26.1	385,561 319,369 253,245 214,632
Long Range Building Sinking Fund	(8.7) 27.4	260,681 285,399 224,100 189,820
Various University Funds	(23.9) 11.7	162,578 213,554 191,141 323,365
Other Funds	29.3 119.4	1,406,681 1,088,220 495,898 465,412
Other STIP	361.9	762,512 165,086
TOTAL	26.2 44.6	$ 37,118,312 $ 29,419,610 $ 20,342,395 $ 16,132,196

TREASURER'S FUND

The Treasurer's Fund (surplus treasury cash) has continued to grow and has reached an all-time high in assets of $154.8 million. This represents a 16.5 percent increase over the previous fiscal year. At the present time, the fund is the largest under management by the Board of Investments.

Because the Treasurer's Fund is subject to wide fluctuations in cash flow, a large amount of the portfolio is invested in short-term holdings. As can be seen in the Analysis of Investments listed below, approximately $100.6 million is invested in the Short-Term Investment Pool (STIP). An additional $43 million is placed in repurchase agreements and Montana certificates of deposit. These amounts represent approximately 93 percent of the portfolio. This large proportion in short-term investments enables the state to invest its surplus monies, yet maintain the liquidity necessary to meet its financial obligations.

The portfolio yield, calculated by determining the daily invested balance for the year, was 8.59 percent which compares to 8.66 percent in 1973-74. This decline in yield can be attributed to the rather substantial decline in short-term interest rates. Investment income at $12.1 million represents a 46 percent increase over last year's income of $8.3 million. During the biennium ending June 30, 1975, the General Fund gained $20.4 million from the investment of surplus treasury cash.

The Board's continued effort to minimize amounts in non-interest bearing demand accounts has significantly benefited the state over the past four years and will continue to do so in the future.

ANALYSIS OF INVESTMENTS

TYPE	Fiscal 73/74 COST	Fiscal 73/74 %	Fiscal 74/75 COST	Fiscal 74/75 %	% CHANGE
Montana Certificates of Deposit	$ 15,515,000	11.7	$ 13,690,000	8.8	(11.7)
Repurchase Agreements	33,500,000	25.2	30,500,000	19.7	(8.9)
U.S. Treasury Obligations	—0—	—0—	5,006,541	3.3	100.0
Government Agency Obligations	5,009,215	3.8	—0—	—0—	(100.0)
Corporate Obligations	11,184,360	8.4	4,983,386	3.2	(55.4)
Short-Term Investment Pool	67,660,009	50.9	100,673,165	65.0	48.8
TOTAL INVESTMENTS	$ 132,868,584	100.0	$ 154,853,092	100.0	16.6

SHORT-TERM INVESTMENT POOL

The fiscal year ending June 30, 1975 represents the second complete year of operation of the Short-Term Investment Pool (STIP). Any city, county, school district or political subdivision may invest in STIP. In addition to local funds, state funds are invested in STIP.

STIP provides governmental units, both state and local, with an investment vehicle whereby small amount of surplus monies ($1,000 units) may be invested. Transactions are instituted on a demand basis providing the participants complete liquidity. While the majority of the participants utilize STIP for liquidity investments, some participants have used STIP as a long-term investment. Long-term returns are provided by approximately 19 percent of the portfolio being placed in intermediate-term corporate and government obligations. An additional 8 percent is invested in long-term obligations.

As of June 30, 1975, the invested balance of the STIP portfolio was approximately $133.4 million. This represents a 57 percent increase over the previous year-end balance of $85 million. The number of participants increased from twenty-nine (29) to fifty-eight (58). The participants include twenty-eight (28) state accounts, five (5) university units, and twenty-five (25) units of local government, ranging from county and city treasurers to school districts and public employee relief associations.

Participants in STIP from July 1, 1974 through June 30, 1975 earned an average income return of 8.95 percent which compares to an 8.83 percent return for the previous year ending June 30, 1974. The yield at 8.95 percent is by far the highest return of any fund managed by the Board of Investments.

ANALYSIS OF INVESTMENTS

	Fiscal 73/74		Fiscal 74/75		%
TYPE	**COST**	**%**	**COST**	**%**	**CHANGE**
Montana Certificates of Deposit	$ 15,800,000	18.6	$ 26,425,000	19.8	67.2
Repurchase Agreements	—0—	—0—	8,840,000	6.6	100.0
U.S. Treasury Obligations	4,805,909	5.6	991,338	0.8	(97.9)
Government Agency Obligations	12,250,000	14.4	19,276,875	14.4	57.4
Canadian Obligations	3,810,000	4.5	4,810,000	3.6	26.2
Corporate Obligations	48,326,337	56.9	73,036,943	54.8	51.1
TOTAL INVESTMENTS	$ 84,992,246	100.0	$ 133,380,156	100.0	56.9

SHORT-TERM INVESTMENT POOL STATEMENT OF CONDITION

	Year Ended	
	June 30, 1974	June 30, 1975
Assets:		
Cash	$ 216,941	$ 4,553
Interest Receivable	1,777,446	1,381,791
Investments at Market, (Cost of $84,992,245 and $133,380,154 respectively.)	85,080,467	133,781,874
TOTAL ASSETS	$ 87,074,854	$135,168,218
Liabilities:		
Income Due Participants	$ 601,288	$ 813,850
Accrued Expenses	8,316	13,688
TOTAL LIABILITIES	$ 609,604	$ 827,538
NET ASSET VALUE	$ 86,465,250	$134,340,680

STATEMENT OF CHANGES IN NET ASSET VALUE FOR YEAR ENDED JUNE 30, 1975

NET ASSET VALUE - JUNE 30, 1974	$ 86,465,250
Add:	
Units Purchased by Participants (65,235)	66,942,438
	$153,407,688
Deduct:	
Units Sold by Participants (18,250)	$ 18,577,262
Increase (Decrease) in Unrealized Appreciation of Investments	(489,746)
NET ASSET VALUE - JUNE 30, 1975	$134,340,680

STATEMENT OF INCOME AND DISBURSEMENTS FOR YEAR ENDED JUNE 30, 1975

Interest Income	$ 10,197,086
Earnings Purchased by Participants	949,867
Realized Profit on Sale of Investments	63,108
TOTAL INCOME	$ 11,210,061
Less:	
Expenses	140,974
Undistributed Earnings	340,444
TOTAL DISTRIBUTION	$ 10,728,643

DISTRIBUTION TO PARTICIPANTS

Distribution Date	Outstanding Units	Amount
Units Sold by Participants	18,250	$ 534,445
November 29, 1974	105,364	5,197,606
May 30, 1975	116,308	4,996,592
TOTAL DISTRIBUTION		$ 10,728,643

PUBLIC EMPLOYEES' RETIREMENT SYSTEM FUND

The invested balance of the Public Employees' Retirement Fund increased 15.3 percent during the year, totaling $119.3 million on June 30, 1975 — an amount equal to 22.2 percent of the total funds under management.

The fund produced a record high yield of 7.06 percent, compared to 6.83 percent in 1973-74. A substantial portion of the portfolio was invested during periods when fixed income securities were yielding very low interest rates.

As of June 30, 1975, 5.3 percent of the Fund was invested in equities. The unrealized appreciation in common stocks amounted to 15.3 percent over actual cost. A continuous performance measurement of common stocks has been initiated by the Board of Investments. For the calendar year 1974, the performance of common stocks held by the Fund ranked third among 350 of the nation's largest retirement funds. A performance measurement of the fixed income portion of the portfolio is being initiated and should be available at the end of fiscal year 1976.

ANALYSIS OF INVESTMENTS

	Fiscal 73/74		Fiscal 74/75		%
TYPE	**COST**	**%**	**COST**	**%**	**CHANGE**
Montana Obligations	$ 1,324,930	1.2	$ 1,254,655	1.0	(5.3)
Government Agency Obligations	1,249,842	1.2	2,652,344	2.2	112.2
Canadian Obligations	2,580,636	2.5	4,561,600	3.8	76.7
Corporate Obligations	74,439,574	72.0	85,264,100	71.5	14.5
Common Stock	3,690,264	3.6	6,287,008	5.3	70.4
Montana Mortgages	20,188,600	19.5	19,269,516	16.2	(4.6)
TOTAL INVESTMENTS	$ 103,473,846	100.0	$ 119,289,223	100.0	15.3

TEACHERS' RETIREMENT FUND

The Teachers' Retirement Fund increased to an all time high of $103.2 million during the fiscal year. The invested balance increased 10.9 percent over the previous year. Investment income grew at a faster pace increasing 12.4 percent over the preceding year. The overall yield produced for fiscal 1975 amounted to 7.07 percent compared to a yield of 6.98 percent for the fiscal 1974 year.

The common stock investment program continued into the second year and equities accounted for 6.09 percent of total invested funds. As of June 30, 1975, common stocks had appreciated 15.3 percent over their actual cost. A continuous market performance measurement for common stocks was initiated during the year. For the calendar year 1974, the equity portion of portfolio was ranked among the top in comparison to 350 of the largest retirement funds in the nation. A performance measurement for the fixed portion of the portfolio will be initiated during the current fiscal year.

ANALYSIS OF INVESTMENTS

TYPE	Fiscal 73/74 COST	%	Fiscal 74/75 COST	%	% CHANGE
Government Agency Obligations	$ 514,700	0.6	$ 14,150	0.1	(97.3)
U.S. Govt. Guaranteed Obligations	1,658,327	1.8	1,645,723	1.6	(0.8)
Canadian Obligations	3,478,477	3.7	5,751,664	5.6	65.4
Corporate Obligations	61,538,220	66.1	68,091,078	66.0	10.6
Common Stock	3,690,264	4.0	6,287,008	6.0	70.4
Montana Mortgages	22,184,246	23.8	21,407,442	20.7	(3.5)
TOTAL INVESTMENTS	$ 93,064,234	100.0	$ 103,197,065	100.0	10.9

TRUST AND LEGACY FUND

The Trust and Legacy Fund is a permanent fund, whose income is used to support Montana schools. Assets in the Trust and Legacy Fund grew 4.4 percent during the year, to $67 million; income increased 6.8 percent, to $3.7 million. This represents a 5.82 percent portfolio yield, compared to 5.56 percent in 1973-74 and 4.2 percent as of September 1971, the date the Board of Investments assumed management of the portfolio.

The portfolio has benefited from an active program of bond swapping. During the year ending June 30, 1975, $16.3 million (par) bonds were swapped, increasing current annual income by $316,000. Under legislation enacted during the Forty-Second Legislative Session and effective July 1, 1973, corporate bonds became legal investments for the fund. The ability to swap governments to corporates has contributed greatly to the many excellent income swaps transacted over the past four years.

ANALYSIS OF INVESTMENTS

	Fiscal 73/74		Fiscal 74/75		%
TYPE	**COST**	**%**	**COST**	**%**	**CHANGE**
U.S. Treasury Obligations	$ 20,037,164	31.2	$ 6,919,706	10.3	(65.5)
Government Agency Obligations	11,633,741	18.1	8,831,344	13.2	(24.1)
U.S. Govt. Guaranteed Obligations	17,139,941	26.7	16,511,613	24.6	(3.7)
Canadian Obligations	231,799	0.3	1,732,088	2.6	647.2
Corporate Obligations	15,221,128	23.7	33,013,011	49.3	116.9
TOTAL INVESTMENTS	$ 64,263,773	100.0	$ 67,007,762	100.0	4.4

WORKMEN'S COMPENSATION FUND

The assets of the Workmen's Compensation Fund represent a state-administered program of workmen related injuries insurance program. The assets under management have grown to $32.3 million representing a 23 percent growth over the previous year-end balance. This substantial growth is attributable to expanded coverage of workers in the state.

The portfolio yield amounted to 7.44 percent compared to 6.88 percent in 1973-74 and 4.55 percent in 1971 when the Board of Investments assumed management of the Fund. Investment income amounted to $2.1 million in 1974-75 compared to $1.4 million for the last fiscal year. The long-term benefits of the Board's aggressive bond swapping program are evidenced in the performance of this fund.

ANALYSIS OF INVESTMENTS

TYPE	Fiscal 73/74 COST	Fiscal 73/74 %	Fiscal 74/75 COST	Fiscal 74/75 %	% CHANGE
Montana Certificates of Deposit	$ 200,000	0.8	$ 200,000	0.6	—0—
Montana Obligations	137,000	0.5	97,000	0.3	(29.2)
U.S. Treasury Obligations	2,208,989	8.4	2,109,178	6.5	(4.5)
Government Agency Obligations	884,010	3.4	890,140	2.7	0.7
Canadian Obligations	1,738,571	6.6	3,334,005	10.3	91.8
Corporate Obligations	20,416,659	77.5	25,048,011	77.4	22.7
Montana Mortgages	748,324	2.8	697,148	2.2	(6.8)
TOTAL INVESTMENTS	$ 26,333,553	100.0	$ 32,375,482	100.0	22.9

PORTFOLIOS

TREASURER'S FUND

	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
CERTIFICATES OF DEPOSIT						
First Citizens Bank—Billings	$ 100	8.625	11-06-75	$ 100,000	$ 100,000	8.625
First Citizens Bank—Billings	100	8.625	11-18-75	100,000	100,000	8.625
Midland National Bank—Billings	500	7.000	02-27-76	500,000	500,000	7.000
Midland National Bank—Billings	500	7.250	04-08-76	500,000	500,000	7.250
Valley State Bank—Billings	300	6.750	08-29-75	300,000	300,000	6.750
Western Bank—Billings	200	8.250	01-05-76	200,000	200,000	8.250
Western State Bank—Billings	500	8.250	01-05-76	500,000	500,000	8.250
First National Bank—Bozeman	1,000	10.000	07-18-75	1,000,000	1,000,000	10.000
Montana National Bank—Bozeman	200	7.000	04-02-76	200,000	200,000	7.000
Montana National Bank—Browning	100	6.500	09-24-75	100,000	100,000	6.500
First Metals Bank—Butte	1,000	9.000	07-03-75	1,000,000	1,000,000	9.000
First Metals Bank—Butte	1,000	7.000	04-05-76	1,000,000	1,000,000	7.000
Montana National Bank—Butte	250	7.000	03-04-76	250,000	250,000	7.000
First National Bank—Ekalaka	100	7.000	03-19-76	100,000	100,000	7.000
First National Bank—Great Falls	500	7.250	04-08-76	500,000	500,000	7.250
First Westside National Bank—Great Falls	500	8.250	01-05-76	500,000	500,000	8.250
First Westside National Bank—Great Falls	200	7.000	03-19-76	200,000	200,000	7.000
First Westside National Bank—Great Falls	100	7.000	03-26-76	100,000	100,000	7.000
Montana Bank—Great Falls	100	8.250	11-14-75	100,000	100,000	8.250
Northwestern Bank—Great Falls	1,000	7.250	04-19-76	1,000,000	1,000,000	7.250
First National Bank—Havre	1,000	9.125	07-03-75	1,000,000	1,000,000	9.125
Bank of Montana—Helena	640	7.000	03-04-76	640,000	640,000	7.000
First Security Bank—Helena	1,000	8.250	12-10-75	1,000,000	1,000,000	8.250
First Security Bank—Helena	200	8.250	01-05-76	200,000	200,000	8.250
First Security Bank—Helena	600	7.000	02-27-76	600,000	600,000	7.000
First National Bank—Hinsdale	100	7.000	03-12-76	100,000	100,000	7.000
First National Bank—Hinsdale	100	7.000	03-26-76	100,000	100,000	7.000
Conrad National Bank—Kalispell	500	8.250	12-26-75	500,000	500,000	8.250
First National Bank—Kalispell	100	7.000	03-26-76	100,000	100,000	7.000
Southside National Bank—Missoula	300	7.250	04-12-76	300,000	300,000	7.250
Toole County Bank—Shelby	100	7.000	03-26-76	100,000	100,000	7.000
Sidney National Bank—Sidney	600	7.000	03-04-76	600,000	600,000	7.000
Montana Bank—Superior	100	7.000	02-27-76	100,000	100,000	7.000
First State Bank—Whitefish	100	7.000	02-27-76	100,000	100,000	7.000
TOTAL	$ 13,690			$ 13,690,000	$ 13,690,000	
GOVERNMENT OBLIGATIONS REPURCHASE AGREEMENTS						
First National City Bank—New York	$ 15,000	5.625	07-01-75	$ 15,000,000	$ 15,000,000	5.625
Seattle First National Bank—Seattle	2,000	5.750	07-01-75	2,000,000	2,000,000	5.750
Seattle First National Bank—Seattle	13,500	5.500	07-01-75	13,500,000	13,500,000	5.500
TOTAL	$ 30,500			$ 30,500,000	$ 30,500,000	

TREASURER'S FUND

	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
U.S. TREASURY						
U.S. Treasury Notes	$ 1,000	5.750	05-15-76	$ 1,000,871	$ 991,200	5.750
U.S. Treasury Notes	1,000	6.000	11-15-78	1,000,000	957,500	6.000
U.S. Treasury Notes	2,000	6.000	11-15-78	2,004,722	1,915,000	6.000
U.S. Treasury Notes	1,000	6.000	11-15-78	1,000,948	957,500	6.000
TOTAL	$ 5,000			$ 5,006,541	$ 4,821,200	
CORPORATE OBLIGATIONS BANKERS ACCEPTANCES						
First National Bank—Denver	$ 2,500	0.000	07-24-75	$ 2,489,917	$ 2,489,917	6.050
TOTAL	$ 2,500			$ 2,489,917	$ 2,489,917	
COMMERCIAL PAPER						
Baxter Labs	$ 1,000	0.000	07-09-75	$ 998,500	$ 998,500	6.000
Seaway Pipeline	1,500	0.000	07-15-75	1,494,969	1,494,969	5.750
TOTAL	$ 2,500			$ 2,493,469	$ 2,493,469	
SHORT TERM INVESTMENT POOL	$ 100,673			$ 100,673,165	$ 100,673,165	
TOTAL INVESTMENTS	$ 154,863			$ 154,853,092	$ 154,667,751	

SHORT TERM INVESTMENT POOL

CERTIFICATES OF DEPOSIT	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
First Security Bank—Anaconda	$ 100	9.000	07-16-75	$ 100,000	$ 100,000	9.000
First Security Bank—Anaconda	300	9.000	10-17-75	300,000	300,000	9.000
Baker National Bank—Baker	200	9.000	07-16-75	200,000	200,000	9.000
Montana Bank—Belgrade	200	8.250	12-17-75	200,000	200,000	8.250
Montana Bank—Belgrade	200	7.000	06-03-76	200,000	200,000	7.000
First Citizens Bank—Billings	600	6.250	09-02-75	600,000	600,000	6.250
Midland National Bank—Billings	500	9.250	09-26-75	500,000	500,000	9.250
Valley State Bank—Billings	200	9.250	09-25-75	200,000	200,000	9.250
Western Bank—Billings	100	8.125	07-14-75	100,000	100,000	8.125
Western State Bank—Billings	300	6.500	11-12-75	300,000	300,000	6.500
First National Bank—Bozeman	1,000	9.750	09-19-75	1,000,000	1,000,000	9.750
First National Bank—Bozeman	1,000	7.000	05-24-76	1,000,000	1,000,000	7.000
Montana National Bank—Bozeman	450	9.750	09-05-75	450,000	450,000	9.750
Montana National Bank—Bozeman	300	7.250	04-27-76	300,000	300,000	7.250
Montana National Bank—Browning	300	8.750	07-01-75	300,000	300,000	8.750
First Metals Bank—Butte	1,000	6.750	12-01-75	1,000,000	1,000,000	6.750
Montana National Bank—Butte	150	9.750	09-05-75	150,000	150,000	9.750
Prudential Federal Savings & Loan—Butte	100	7.000	06-04-76	100,000	100,000	7.000
First Security Bank—Deer Lodge	100	9.750	09-12-75	100,000	100,000	9.750
First Security Bank—Deer Lodge	100	7.000	05-24-76	100,000	100,000	7.000
First National Bank—Ekalaka	100	7.250	04-27-76	100,000	100,000	7.250
First National Bank—Glasgow	350	8.250	12-23-75	350,000	350,000	8.250
First Security Bank—Glasgow	300	7.000	06-15-76	300,000	300,000	7.000
First Security Bank—Glasgow	200	7.000	06-18-76	200,000	200,000	7.000
First National Bank—Great Falls	1,000	7.250	04-09-76	1,000,000	1,000,000	7.250
First Westside National Bank—Great Falls	750	9.000	07-15-75	750,000	750,000	9.000
First Westside National Bank—Great Falls	200	7.250	04-19-76	200,000	200,000	7.250
First Westside National Bank—Great Falls	250	7.250	05-24-76	250,000	250,000	7.250
First Westside National Bank—Great Falls	500	7.250	06-09-76	500,000	500,000	7.250
Great Falls National Bank—Great Falls	1,000	8.000	07-14-75	1,000,000	1,000,000	8.000
Montana Bank—Great Falls	1,000	7.000	05-24-76	1,000,000	1,000,000	7.000
Northwestern Bank—Great Falls	425	9.500	07-03-75	425,000	425,000	9.500
Northwestern Bank—Great Falls	500	9.500	07-17-75	500,000	500,000	9.500
Northwestern Bank—Great Falls	200	9.250	10-03-75	200,000	200,000	9.250
Northwestern Bank—Great Falls	500	9.000	10-10-75	500,000	500,000	9.000
First National Bank—Havre	500	7.250	02-10-76	500,000	500,000	7.250
Bank of Montana—Helena	300	6.500	11-19-75	300,000	300,000	6.500
First National Bank—Helena	1,000	7.500	01-23-76	1,000,000	1,000,000	7.500
First Security Bank—Helena	100	7.750	01-14-76	100,000	100,000	7.750
Northwestern Bank—Helena	650	9.500	07-17-75	650,000	650,000	9.500
Northwestern Bank—Helena	2,500	9.000	10-15-75	2,500,000	2,500,000	9.000
First National Bank—Hinsdale	100	9.750	09-12-75	100,000	100,000	9.750

SHORT TERM INVESTMENT POOL

	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
CERTIFICATES OF DEPOSIT						
First National Bank—Hinsdale	$ 100	7.250	02-03-76	$ 100,000	$ 100,000	7.250
Conrad National Bank—Kalispell	1,000	9.750	09-19-75	1,000,000	1,000,000	9.750
Southside National Bank—Missoula	500	6.500	11-17-75	500,000	500,000	6.500
Southside National Bank—Missoula	500	7.000	03-19-76	500,000	500,000	7.000
Western Montana National Bank—Missoula	500	9.000	07-14-75	500,000	500,000	9.000
Western Montana National Bank—Missoula	1,000	9.750	09-19-75	1,000,000	1,000,000	9.750
Western Montana National Bank—Missoula	500	9.250	09-26-75	500,000	500,000	9.250
Western Montana National Bank—Missoula	1,000	6.750	12-01-75	1,000,000	1,000,000	6.750
Western Montana National Bank—Missoula	600	6.750	06-18-76	600,000	600,000	6.750
Richland National Bank—Sidney	600	9.000	07-15-75	600,000	600,000	9.000
Montana Bank of Mineral County—Superior	100	8.750	07-01-75	100,000	100,000	8.750
First National Bank—Twin Bridges	100	9.000	10-15-75	100,000	100,000	9.000
First National Bank—Wibaux	300	8.250	12-17-75	300,000	300,000	8.250
TOTAL	$ 26,425			$ 26,425,000	$ 26,425,000	
GOVERNMENT OBLIGATIONS REPURCHASE AGREEMENTS						
First National City Bank—New York	$ 8,840	5.625	07-01-75	$ 8,840,000	$ 8,840,000	5.625
TOTAL	$ 8,840			$ 8,840,000	$ 8,840,000	
U.S. TREASURY						
U.S. Treasury Bonds	$ 500	8.250	05-15-90	$ 495,580	$ 510,000	8.250
U.S. Treasury Bonds	500	8.250	05-15-90	495,758	510,000	8.250
TOTAL	$ 1,000			$ 991,338	$ 1,020,000	
FEDERAL AGENCIES						
Federal Home Loan Banks	$ 500	7.875	08-25-75	$ 500,000	$ 501,016	7.875
Federal Home Loan Banks	1,000	9.200	02-25-76	1,017,500	1,015,000	9.200
Federal Home Loan Banks	3,000	9.150	11-25-77	3,000,000	3,116,250	9.150
Federal Home Loan Banks	500	7.600	05-25-78	500,000	502,500	7.600
Federal Home Loan Banks	3,000	9.100	11-27-78	3,000,000	3,142,500	9.100
Federal Home Loan Banks	1,000	8.750	05-25-79	1,000,000	1,030,000	8.750
Federal Home Loan Banks	1,000	8.750	05-25-84	1,000,000	1,041,250	8.750
Federal Land Banks	1,000	8.250	04-20-77	1,000,000	1,017,500	8.250
Federal Land Banks	1,000	8.250	04-20-77	1,010,000	1,017,500	8.250
Federal Land Banks	1,000	9.150	07-20-78	1,000,000	1,045,000	9.150
Federal Land Banks	1,000	7.100	01-22-79	999,375	983,750	7.100
Federal Land Banks	1,000	9.100	07-20-81	1,000,000	1,055,625	9.100
Federal National Mortgage Assn.	1,000	9.800	06-11-79	1,000,000	1,064,375	9.800
Federal National Mortgage Assn.	1,000	9.700	09-10-81	1,000,000	1,077,500	9.700

SHORT TERM INVESTMENT POOL

	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
FEDERAL AGENCIES						
Federal National Mortgage Assn.	$ 1,250	7.300	12-10-81	$ 1,250,000	$ 1,214,648	7.300
Federal National Mortgage Assn.	1,000	7.350	12-10-82	1,000,000	966,875	7.350
TOTAL	$ 19,250			$ 19,276,875	$ 19,791,289	
CANADIAN OBLIGATIONS						
British Columbia Hydro Electric	$ 500	10.250	10-01-99	$ 500,000	$ 522,500	10.250
Province of Ontario	900	8.600	03-15-04	900,000	831,938	8.600
Province of Quebec	1,000	9.200	04-15-04	1,000,000	943,125	9.200
Quebec Hydro Electric	1,000	7.500	01-01-03	915,000	819,375	8.280
Quebec Hydro Electric	1,000	8.250	01-01-04	995,000	878,125	8.300
Quebec Hydro Electric	500	10.250	01-15-05	500,000	516,875	10.250
TOTAL	$ 4,900			$ 4,810,000	$ 4,511,938	
CORPORATE OBLIGATIONS						
BANKERS ACCEPTANCES						
Bank of America—New York	$ 3,000	0.000	08-11-75	$ 2,932,392	$ 2,980,050	6.100
Chemical Bank—Chicago	2,500	0.000	07-09-75	2,489,875	2,496,438	5.400
Chemical Bank—New York	892	0.000	07-07-75	860,661	891,373	7.350
Chemical Bank—New York	1,185	0.000	07-14-75	1,150,404	1,182,623	6.300
Chemical Bank—New York	1,326	0.000	10-28-75	1,289,124	1,300,397	6.000
Chemical Bank—New York	900	0.000	11-03-75	873,683	881,100	6.050
Crocker National Bank—San Francisco	1,000	0.000	07-24-75	985,936	996,200	6.100
First National City Bank—Los Angeles	1,000	0.000	08-15-75	986,896	992,717	5.550
First National City Bank—Los Angeles	700	0.000	10-31-75	679,836	685,650	6.100
First National Bank—Minneapolis	1,500	0.000	07-16-75	1,490,146	1,496,200	5.500
First National City Bank—New York	1,290	0.000	07-07-75	1,241,052	1,288,528	7.625
First National City Bank—New York	5,000	0.000	07-07-75	4,986,014	4,994,458	5.300
First National City Bank—New York	4,000	0.000	07-11-75	3,990,667	3,993,033	6.000
First National City Bank—New York	3,500	0.000	07-28-75	3,478,563	3,484,483	5.250
First National City Bank—New York	1,000	0.000	08-04-75	985,802	994,458	5.875
First National City Bank—New York	5,000	0.000	08-14-75	4,959,847	4,964,375	5.900
First National City Bank—New York	3,500	0.000	08-15-75	3,471,417	3,474,508	6.000
First National City Bank—San Francisco	1,500	0.000	07-31-75	1,490,146	1,492,638	5.500
Morgan Guaranty Trust	2,424	0.000	07-16-75	2,414,604	2,418,192	5.351
Rainier National Bank—Seattle	1,000	0.000	08-14-75	986,542	992,875	5.700
United Bank of California—Los Angeles	1,000	0.000	07-21-75	974,414	996,675	6.100
TOTAL	$ 43,217			$ 42,718,021	$ 42,996,971	
COMMERCIAL PAPER						
Channelview Construction Trust	$ 2,500	0.000	07-15-75	$ 2,486,500	$ 2,494,010	5.400
Crocker National Corp.	1,500	0.000	07-08-75	1,497,135	1,498,083	6.250

SHORT TERM INVESTMENT POOL

	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
COMMERCIAL PAPER						
Dow Chemical	$ 2,000	0.000	07-07-75	$ 1,993,875	$ 1,997,764	5.250
First Bank Systems	1,175	0.000	07-15-75	1,167,950	1,172,185	5.400
First Bank Systems	2,000	0.000	07-21-75	1,989,375	1,993,292	5.625
First National City Corp.	2,500	0.000	07-16-75	2,488,646	2,493,611	5.450
Olympic Pipeline	2,550	0.000	08-05-75	2,528,183	2,534,700	5.500
Texaco	2,000	0.000	07-29-75	1,985,708	1,990,736	5.250
Travelers Insurance	2,000	0.000	07-03-75	1,995,800	1,999,042	5.400
TOTAL	$ 18,225			$ 18,133,172	$ 18,173,423	
FINANCIAL						
Commercial Credit	$ 1,000	8.000	01-15-81	$ 1,000,000	$ 970,625	8.000
Ford Motor Credit	500	10.500	10-01-94	500,000	521,250	10.500
General Electric Credit	1,000	8.650	01-15-84	1,000,000	1,008,125	8.650
Mellon National Bank	1,000	7.800	03-01-82	1,000,000	953,750	7.800
Sears & Roebuck Acceptance	1,000	8.375	12-31-86	998,000	996,875	8.375
TOTAL	$ 4,500			$ 4,498,000	$ 4,450,625	
INDUSTRIAL						
Dresser Industrial	$ 1,000	8.650	05-15-85	$ 1,000,000	$ 1,003,125	8.650
General Foods	700	7.500	03-01-84	696,500	686,000	7.570
General Motors	1,000	8.050	04-01-85	1,000,000	1,001,250	8.050
Procter & Gamble	1,000	8.250	03-01-05	991,250	980,625	8.250
RCA	1,000	10.200	08-15-92	1,000,000	1,022,500	10.200
Revlon	1,000	8,450	05-01-85	1,000,000	992,500	8.450
TOTAL	$ 5,700			$ 5,687,750	$ 5,686,000	
TRANSPORTATION						
Mobil Alaska Pipeline	$ 500	8.450	03-01-05	$ 500,000	$ 490,313	8.450
TOTAL	$ 500			$ 500,000	$ 490,313	
PUBLIC UTILITIES						
Public Service Electric & Gas	$ 1,000	8.500	03-01-04	$ 1,000,000	$ 869,375	8.500
Public Service Electric & Gas	500	12.000	10-01-04	500,000	530,000	12.000
TOTAL	$ 1,500			$ 1,500,000	$ 1,399,375	
TOTAL INVESTMENTS	$ 134,057			$ 133,380,156	$ 133,784,934	

PUBLIC EMPLOYEES' RETIREMENT SYSTEM FUND

	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
MONTANA OBLIGATIONS						
ESC Building Revenue	$ 797	8.000	06-01-86	$ 797,421	$ 797,421	8.00
ESC Building Revenue	457	8.000	06-01-88	457,234	457,234	8.00
TOTAL	$ 1,254			$ 1,254,655	$ 1,254,655	
GOVERNMENT OBLIGATIONS FEDERAL AGENCIES						
Farmers Home Administration	$ 142	8.750	12-09-94	$ 142,437	$ 142,437	8.750
Farmers Home Administration	424	8.750	12-26-94	423,693	423,693	8.750
Farmers Home Administration	221	8.750	03-27-95	221,276	221,276	8.750
Farmers Home Administration	689	8.750	05-04-95	688,847	688,847	8.750
International Bank for Reconstruction	500	8.125	08-01-96	500,000	472,500	8.125
Martin Luther Tower	56	5.150	05-01-06	51,788	51,649	5.717
Mutual Mortgage General Insurance Fund	130	4.125	12-01-85	124,303	123,760	4.695
TOTAL	$ 2,162			$ 2,152,344	$ 2,124,162	
U.S. GOVERNMENT GUARANTEED						
Whitney Steamship	$ 500	9.300	04-29-00	$ 500,000	$ 500,000	9.300
TOTAL	$ 500			$ 500,000	$ 500,000	
CANADIAN OBLIGATIONS						
British Columbia Hydro & Power	$ 500	9.625	06-01-05	$ 498,753	$ 505,000	9.625
Canadian Pacific	500	10.125	07-02-90	500,000	500,000	10.125
Manitoba Hydro Electric	500	9.250	06-15-04	498,792	482,500	9.270
Manitoba Hydro Electric	500	9.375	12-01-04	481,599	488,750	9.375
Quebec Hydro Electric	500	10.700	08-01-99	500,000	542,500	10.700
Quebec Hydro Electric	600	8.500	08-01-03	597,190	535,500	8.550
Quebec Hydro Electric	500	8.500	08-01-03	490,040	446,250	8.700
Quebec Hydro Electric	1,000	8.250	01-01-04	995,226	443,750	8.295
TOTAL	$ 4,600			$ 4,561,600	$ 3,944,250	
CORPORATE OBLIGATIONS COMMERCIAL PAPER						
General Motors Acceptance	$ 1,500	0.000	07-15-75	$ 1,495,078	$ 1,495,078	5.625
General Motors Acceptance	600	0.000	07-22-75	597,500	597,500	6.000
B. F. Goodrich	2,000	0.000	07-14-75	1,994,333	1,994,333	6.000
TOTAL	$ 4,100			$ 4,086,911	$ 4,086,911	
FINANCIAL						
Avco Financial Services	$ 250	7.875	05-01-92	$ 247,878	$ 203,750	7.976

PUBLIC EMPLOYEES' RETIREMENT SYSTEM FUND

	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
FINANCIAL						
Avco Financial Services	$ 500	7.625	12-01-97	$ 500,000	$ 389,400	7.625
Chrysler Financial	500	7.000	08-15-79	491,726	372,500	7.510
Commercial Credit	500	7.750	02-15-92	495,764	392,850	7.851
Commercial Credit	500	8.000	01-15-81	500,000	458,150	8.000
Dominion Bank Shares	300	7.750	11-15-96	300,000	300,000	7.750
First Bank Systems	200	6.750	09-15-79	200,000	180,760	6.750
First National Bank—Arizona	500	7.700	04-01-97	498,902	421,250	7.722
Ford Motor Credit	500	7.250	05-01-79	499,197	485,650	7.150
Ford Motor Credit	500	7.250	05-01-79	501,928	485,650	7.300
General Electric Credit	500	8.875	06-01-82	500,000	510,650	8.875
Walter E. Heller	500	7.750	04-01-92	496,820	426,900	7.825
Honeywell Finance	500	8.200	12-15-98	500,000	400,350	8.200
Honeywell Finance	500	9.650	11-01-81	500,000	501,900	9.650
Household Finance	150	7.750	10-01-99	150,000	129,945	7.750
Industrial National Corp.	500	7.400	07-01-81	500,000	473,150	7.400
International Harvester Credit	500	9.000	06-15-04	496,137	482,550	9.080
International Harvester Credit	500	8.625	08-01-91	500,000	436,550	8.625
International Harvester Credit	500	7.500	01-15-94	497,791	395,450	7.550
J. P. Morgan & Co. CV	150	4.750	11-01-98	150,000	150,000	4.750
Northwest Bankcorporation	500	7.750	03-15-03	500,000	430,000	7.750
J. C. Penney Financial	300	7.875	09-15-91	298,761	264,000	7.925
Transamerica Financial	500	7.875	11-01-91	496,896	393,750	7.951
TOTAL	$ 9,850			$ 9,821,800	$ 8,685,155	
INDUSTRIAL						
Allied Chemical	$ 500	7.875	09-01-96	$ 496,761	$ 455,000	7.944
Atlantic Richfield	315	7.750	12-15-03	315,000	286,682	7.750
Berkshire Hathaway	500	8.000	03-01-93	500,000	500,000	8.000
Caterpillar Tractor	400	8.600	05-01-99	400,000	398,000	8.600
Central Soya	250	7.500	08-01-97	249,447	219,700	7.520
Countrywide Stations	483	7.750	12-01-01	483,000	421,950	7.750
Crown Zellerbach	984	8.125	05-01-94	984,043	925,000	8.125
Dresser Industries	500	8.650	05-15-85	500,000	498,750	8.650
Georgia Pacific CV	100	6.250	05-15-00	100,000	112,000	6.250
Halliburton	500	9.250	04-01-00	497,523	511,250	9.125
Hercules CV	200	6.500	06-30-99	200,000	218,000	6.500
Ingersoll Rand	500	8.750	05-01-85	498,525	507,500	8.750
Kewanee Oil	400	7.625	05-15-97	400,000	332,920	7.625
MGIC Investment Corp. CV	55	5.000	12-15-93	55,000	30,800	5.000
Nabisco	350	7.750	11-01-03	348,345	320,250	7.750
RCA	600	10.200	08-15-92	600,000	615,000	10.200
Shell Oil	500	8.750	05-15-05	496,261	500,000	8.750

PUBLIC EMPLOYEES' RETIREMENT SYSTEM FUND

INDUSTRIAL	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
Standard Oil—California	$ 333	7.500	01-01-99	$ 333,335	$ 292,834	7.500
Systems Building	769	8.000	07-01-97	768,821	768,821	8.000
Union Oil Co.—California	500	7.500	01-01-98	500,000	500,000	7.500
TOTAL	$ 8,739			$ 8,726,061	$ 8,414,457	
TRANSPORTATION						
Atchison, Topeka & Santa Fe	$ 1,011	8.625	09-19-89	$ 1,010,855	$ 975,879	8.625
Burlington Northern	500	7.375	12-01-86	498,196	444,350	7.431
Burlington Northern	500	8.600	01-15-99	500,000	451,450	8.600
Calif. & Hawaiian Sugar	479	8.250	08-24-93	479,119	472,263	8.250
Colonial Pipeline	486	7.875	06-01-02	486,000	466,674	7.875
Great Northern	135	4.125	03-01-77	134,576	127,778	4.349
Great Northern	300	4.125	02-01-78	278,907	274,410	7.400
Lakehead Pipeline	200	7.600	06-15-97	200,000	156,900	7.600
Michigan Wisconsin Pipeline	300	7.625	10-01-92	298,056	252,750	7.699
Norfolk & Western	25	3.875	01-01-78	23,856	22,793	6.055
Northern Pacific	75	4.125	01-09-76	74,914	73,755	4.364
Northern Pacific	100	4.125	01-09-77	99,626	95,070	4.399
St. Louis Southwestern	400	7.125	02-01-78	401,064	389,680	7.000
Socal Vessel 1730	333	7.500	01-01-99	333,335	333,335	7.500
Trailer Train	500	8.750	04-01-89	500,000	500,000	8.750
Trailer Train	483	11.250	07-15-89	483,292	483,292	11.250
Union Pacific	500	8.600	05-01-83	500,000	500,000	8.600
TOTAL	$ 6,327			$ 6,301,796	$ 6,020,379	
PUBLIC UTILITIES						
American Tel. & Tel.	$ 100	2.750	08-01-80	$ 94,514	$ 80,390	4.369
American Tel. & Tel.	400	5.625	08-01-95	402,005	290,680	5.579
American Tel. & Tel.	100	5.625	08-01-95	100,501	72,670	5.582
American Tel. & Tel.	225	5.625	08-01-95	192,011	163,508	7.124
American Tel. & Tel.	150	4.375	10-01-96	149,564	90,405	4.397
American Tel. & Tel.	100	4.750	06-01-98	105,132	62,920	4.371
American Tel. & Tel.	400	4.375	05-01-99	402,473	235,240	4.330
American Tel. & Tel.	31	4.375	05-01-99	30,942	18,231	4.388
American Tel. & Tel.	65	4.375	05-01-99	64,618	38,227	4.417
American Tel. & Tel.	400	8.700	12-01-02	400,000	400,000	8.700
Arizona Public Service	700	7.450	03-15-02	700,000	531,930	7.450
Arkansas Louisiana Gas	200	4.375	04-01-83	199,120	153,000	4.452
Atlantic City Electric	225	4.375	03-01-93	226,332	129,668	4.323
Baltimore Gas & Electric	200	4.500	07-15-94	201,729	119,500	4.426
Bell Tel.—Pennsylvania	200	6.750	05-01-08	200,000	157,000	6.750

PUBLIC UTILITIES	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
Bell Tel.—Pennsylvania	$ 250	8.000	08-01-09	$ 262,005	$ 228,450	7.578
Bell Tel.—Pennsylvania	500	8.625	07-01-06	529,023	476,550	8.075
Boston Edison	23	3.000	08-01-84	20,599	13,427	4.325
Boston Edison	143	4.625	06-01-87	128,532	87,773	6.066
Boston Edison	350	4.750	11-01-95	353,523	182,875	4.669
Carolina Power & Light	50	6.875	10-01-98	46,829	34,940	7.500
Central Illinois Light	125	9.125	08-01-00	129,673	117,813	8.721
Central Illinois Public Service	115	4.500	05-01-94	115,984	69,863	4.427
Central Tel.	500	7.600	10-01-97	500,000	420,650	7.600
Chesapeake & Potomac Tel.—Maryland	60	4.125	12-01-93	48,725	35,328	6.039
Chesapeake & Potomac Tel.—Maryland	615	6.625	10-01-08	616,928	476,625	6.599
Chesapeake & Potomac Tel.—Virginia	200	5.250	05-01-05	202,570	127,760	5.159
Chesapeake & Potomac Tel.—Virginia	250	5.625	03-01-07	253,699	167,825	5.518
Chesapeake & Potomac Tel.—Virginia	700	5.625	03-01-07	583,280	469,910	7.039
Chesapeake & Potomac Tel.—Virginia	265	6.750	05-01-08	265,564	208,025	6.731
Chesapeake & Potomac Tel.—Virginia	500	8.750	03-01-10	493,147	486,650	8.887
Chesapeake & Potomac Tel.—Washington, D.C.	100	4.375	02-01-98	99,620	57,630	4.403
Chesapeake & Potomac Tel.—West Virginia	400	7.250	05-01-09	402,363	331,000	7.199
Cincinnati Bell Tel.	500	7.375	08-01-11	498,529	421,250	7.400
Cincinnati Gas & Electric	200	7.375	05-01-99	201,276	167,500	7.312
Cleveland Electric	100	2.750	09-01-85	86,085	120,760	4.359
Cleveland Electric	140	7.125	01-15-90	141,432	117,250	6.998
Commonwealth Edison	85	4.250	03-01-87	84,575	58,123	4.318
Commonwealth Edison	215	4.250	03-01-87	188,504	147,017	5.968
Commonwealth Edison	100	4.625	03-01-90	101,727	66,500	4.459
Commonwealth Edison	100	4.625	03-01-90	101,718	66,500	4.437
Connecticut Light & Power	212	6.875	10-01-98	210,353	157,410	6.949
Connecticut Light & Power	270	6.875	10-01-98	266,789	200,475	6.988
Connecticut Yankee Atomic Power	200	4.500	01-01-93	201,451	119,000	4.437
Consolidated Edison—New York	250	7.900	04-15-02	250,000	173,325	7.900
Consolidated Edison—New York	200	7.900	04-15-02	197,302	138,660	8.056
Consolidated Edison—New York	200	7.900	04-15-02	196,852	138,660	8.033
Consolidated Edison—New York	250	7.900	04-15-02	247,190	173,325	8.011
Consumers Power	40	4.625	08-01-89	40,829	21,800	4.334
Consumers Power	50	6.875	05-01-98	50,298	32,750	6.815
Consumers Power	300	11.375	08-01-94	300,000	284,250	11.375
Dayton Power & Light	500	8.125	08-01-01	498,889	416,250	8.147
Dayton Power & Light	500	8.000	11-01-03	500,000	408,150	8.000
Delaware Power & Light	200	4.625	10-01-94	203,128	115,260	4.494
Detroit Edison	665	9.000	12-01-99	726,504	527,013	8.046
Detroit Edison	500	9.875	05-01-04	488,545	422,500	10.130
Diamond State Tel.	100	4.625	09-01-05	100,226	56,880	4.610

PUBLIC UTILITIES	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
Duke Power	$ 200	4.500	02-01-92	$ 202,830	$ 118,000	4.367
Duke Power	200	5.375	04-01-97	201,185	124,760	5.324
Duke Power	175	6.375	02-01-98	176,092	124,478	6.318
Duquesne Light	300	7.000	01-01-99	298,731	235,890	7.040
Duquesne Light	245	7.750	07-01-99	247,671	208,250	7.642
Duquesne Light	350	8.750	03-01-00	350,000	322,455	8.750
Equitable Gas	486	8.000	06-15-97	486,000	490,482	8.000
Florida Power & Light	250	4.625	04-01-94	255,000	145,950	4.457
Florida Power & Light	300	7.750	09-01-01	304,693	246,390	7.599
Florida Power Corp.	200	9.000	11-01-00	205,715	178,500	8.692
General Tel.—Midwest	500	7.625	01-01-03	500,000	405,650	7.625
General Tel.—Southwest	300	7.500	10-01-02	296,790	241,800	7.600
Georgia Power	300	7.375	03-01-01	294,018	208,140	7.565
Georgia Power	500	7.500	12-01-02	500,000	349,300	7.500
Gulf States Utilities	250	6.750	10-01-98	236,714	197,825	7.266
Houston Lighting & Power	50	6.750	11-01-97	50,670	39,940	6.623
Idaho Power	100	4.500	10-15-88	100,776	65,000	4.415
Idaho Power	100	4.500	11-01-91	101,335	61,130	4.375
Illinois Bell Tel.	35	4.250	03-01-88	30,356	23,496	6.015
Indiana Michigan Electric	215	4.375	08-01-93	215,178	108,038	4.367
Indiana Bell Tel.	450	4.375	06-01-03	451,707	247,500	4.348
Indiana Bell Tel.	200	5.500	04-01-07	201,407	131,260	5.449
Iowa Public Service	200	7.375	06-01-02	195,501	160,760	7.588
Jersey Central Power & Light	500	8.000	11-01-01	505,562	380,650	7.890
Kansas City Power & Light	225	5.750	05-15-97	225,681	159,750	5.723
Kansas City Power & Light	200	6.750	04-01-98	201,836	158,500	6.662
Kansas City Power & Light	260	7.125	02-01-99	261,501	214,188	7.069
Kentucky Power	500	5.125	01-01-96	380,511	295,000	7.674
Lone Star Gas	500	7.500	12-01-96	498,919	406,250	7.522
Louisville Gas & Electric	45	2.750	11-01-79	41,913	36,675	4.263
Michigan Bell Tel.	175	6.375	02-01-05	176,194	131,915	6.319
Michigan Bell Tel.	450	6.375	02-01-05	447,573	339,210	6.419
Michigan Consolidated Gas	30	4.500	03-15-88	30,434	19,350	4.338
Minneapolis Gas	200	7.875	12-01-96	200,000	167,500	7.875
Mississippi Power & Light	500	7.750	05-01-02	500,000	407,500	7.750
Montana Power	20	4.500	04-01-89	20,246	13,250	4.415
Montana Power	221	4.500	04-01-89	222,748	146,143	4.415
Montana Power	400	7.500	04-01-01	400,000	340,160	7.500
Montana Power	500	8.625	03-01-04	501,279	474,400	8.600
Mountain States Tel. & Tel.	100	4.375	02-01-88	99,558	68,250	5.996
Mountain States Tel. & Tel.	100	4.375	02-01-88	98,046	68,250	4.602
Mountain States Tel. & Tel.	100	4.375	02-01-88	87,882	68,250	4.426

	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
PUBLIC UTILITIES						
Mountain States Tel. & Tel.	$ 200	5.000	04-01-00	$ 206,868	$ 126,000	4.746
Mountain States Tel. & Tel.	100	5.500	06-01-05	100,691	66,630	5.449
Mountain States Tel. & Tel.	300	6.000	08-01-07	300,000	213,750	6.000
Mountain States Tel. & Tel.	200	6.000	08-01-07	200,000	142,500	5.950
Mountain States Tel. & Tel.	160	6.000	08-01-07	153,703	114,000	6.309
Mountain States Tel. & Tel.	80	9.000	11-01-10	80,000	79,800	9.000
Mountain States Tel. & Tel.	500	9.750	08-01-12	496,581	527,500	9.820
New England Tel. & Tel.	100	4.625	04-01-99	102,129	59,500	4.467
New England Tel.	200	6.125	10-01-06	201,702	144,260	6.059
New England Tel.	350	6.125	10-01-06	350,000	252,455	6.125
New Jersey Bell Tel.	150	5.875	12-01-06	151,765	105,570	5.786
New Jersey Bell Tel.	300	6.625	04-01-08	301,365	232,890	6.536
New Jersey Bell Tel.	200	9.350	06-01-10	200,000	203,700	9.350
New Jersey Bell Tel.	1,040	7.250	04-01-11	1,016,142	864,552	7.447
New York State Electric & Gas	100	5.625	01-01-97	82,853	64,630	7.357
New York Tel.	176	4.500	05-15-91	153,107	112,869	5.969
New York Tel.	800	4.500	05-15-91	627,493	513,040	6.956
New York Tel.	69	4.125	07-01-93	56,594	40,365	5.988
New York Tel.	150	4.625	10-01-97	152,114	90,000	4.516
New York Tel.	100	4.625	10-01-97	85,115	60,000	5.996
New York Tel.	65	4.625	01-01-02	65,976	37,622	4.521
New York Tel.	470	4.625	01-01-04	476,679	476,909	4.529
New York Tel.	450	4.875	01-01-06	453,804	453,915	4.818
New York Tel.	171	4.875	01-01-06	147,447	101,112	5.983
New York Tel.	250	7.500	03-01-09	253,601	210,950	7.374
New York Tel.	300	8.000	07-15-08	314,503	271,350	8.130
North Electric	500	8.625	09-01-96	500,000	440,100	8.625
Northern Illinois Gas	200	7.625	07-01-97	200,486	174,500	7.600
Northern Indiana Public Service	150	4.625	05-15-95	152,320	93,150	4.499
Northern States Power	250	4.500	08-01-94	252,274	151,250	4.423
Northwestern Bell Tel.	150	4.375	05-01-89	130,820	99,570	5.974
Northwestern Bell Tel.	175	4.375	03-01-03	177,494	97,790	4.283
Northwestern Bell Tel.	500	6.250	01-01-07	497,817	370,650	6.284
Northwestern Bell Tel.	150	7.000	01-01-09	150,000	120,945	7.000
Northwestern Bell Tel.	200	7.000	01-01-09	199,789	161,260	7.009
Northwestern Bell Tel.	300	7.875	01-01-11	313,769	271,140	7.479
Ohio Bell Tel.	200	5.000	02-01-06	201,694	122,500	4.942
Ohio Bell Tel.	325	5.375	03-01-07	325,000	212,063	5.375
Ohio Bell Tel.	395	6.750	07-01-08	396,770	310,075	6.713
Ohio Bell Tel.	100	8.750	01-01-10	100,228	97,350	8.727
Ohio Edison	50	4.500	04-01-89	50,468	33,125	4.400
Ohio Edison	300	8.250	09-01-99	305,176	274,140	8.071

PUBLIC UTILITIES	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
Ohio Edison	$ 250	9.250	05-01-00	$ 250,550	$ 247,000	9.225
Pacific Gas & Electric	100	4.500	06-01-96	100,537	63,990	4.410
Pacific Gas & Electric	100	4.500	06-01-96	101,126	63,990	4.455
Pacific Gas & Electric	100	5.500	06-01-99	82,118	67,880	7.201
Pacific Gas & Electric	380	8.000	06-01-03	400,425	343,482	7.502
Pacific Northwest Bell Tel.	140	4.500	11-01-94	119,012	86,982	5.997
Pacific Northwest Bell Tel.	281	4.500	12-01-00	281,000	163,683	4.500
Pacific Northwest Bell Tel.	110	6.750	12-01-07	111,359	86,350	6.649
Pacific Northwest Bell Tel.	250	6.750	12-01-07	255,256	196,250	6.580
Pacific Northwest Bell Tel.	150	6.750	12-01-07	156,141	117,750	6.426
Pacific Northwest Bell Tel.	500	6.750	12-01-07	359,496	392,500	9.650
Pacific Northwest Bell Tel.	200	7.750	08-01-09	200,000	177,500	7.750
Pacific Northwest Bell Tel.	300	7.750	08-01-09	293,874	266,250	7.937
Pacific Northwest Bell Tel.	100	8.625	10-01-10	98,994	94,480	8.726
Pacific Northwest Bell Tel.	300	8.625	10-01-10	316,444	283,440	8.115
Pacific Tel. & Tel.	100	5.125	08-01-80	101,767	88,500	4.740
Pacific Tel. & Tel.	100	5.125	08-01-80	101,553	88,500	4.693
Pacific Tel. & Tel.	73	3.125	09-15-83	66,442	51,648	4.360
Pacific Tel. & Tel.	100	4.375	08-15-88	87,857	67,380	5.984
Pacific Tel. & Tel.	50	4.625	05-01-00	50,000	29,875	4.617
Pacific Tel. & Tel.	80	4.625	05-01-00	80,000	47,800	4.625
Pacific Tel. & Tel.	175	6.000	11-01-02	176,096	125,265	5.949
Pacific Tel. & Tel.	200	6.000	11-01-02	202,749	143,160	5.890
Pacific Tel. & Tel.	1,000	6.000	11-01-02	877,242	715,800	7.098
Pacific Tel. & Tel.	300	6.000	11-01-02	216,972	214,740	6.000
Pacific Tel. & Tel.	300	8.750	10-01-06	299,663	290,610	8.761
Pacific Tel. & Tel.	360	7.800	03-01-07	360,000	316,800	7.800
Pacific Tel. & Tel.	300	7.800	03-01-07	308,853	264,000	7.535
Pacific Tel. & Tel.	200	9.500	06-15-11	189,235	202,000	10.070
Pennsylvania Electric	200	4.625	10-01-94	203,130	108,760	4.494
Philadelphia Electric	10	3.125	04-01-85	9,129	5,850	4.372
Philadelphia Electric	16	3.125	04-01-85	14,505	9,360	4.244
Philadelphia Electric	175	4.500	05-01-94	176,048	92,103	4.449
Philadelphia Electric	250	6.125	10-01-97	250,628	159,700	6.102
Philadelphia Electric	50	6.125	10-01-97	48,824	31,940	6.341
Potomac Edison	100	4.625	03-01-94	100,869	58,380	4.568
Potomac Electric Power	300	4.375	02-15-98	302,268	163,890	4.318
Potomac Electric Power	200	7.750	10-01-07	200,461	165,760	7.730
Public Service—Colorado	100	4.625	05-01-89	101,851	67,130	4.433
Public Service—Colorado	100	4.500	10-01-91	100,660	63,630	4.436
Public Service—New Mexico	200	7.500	06-15-02	197,870	170,260	7.600
Rochester Gas & Electric	100	4.625	09-15-94	101,664	56,130	4.494

PUBLIC UTILITIES	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
Rochester Gas & Electric	$ 100	4.625	09-15-94	$ 101,560	$ 56,130	4.486
South Central Tel. & Tel.	600	8.500	11-01-01	602,895	574,440	8.449
Southern Bell Tel. & Tel.	53	4.000	10-01-83	47,159	40,084	6.101
Southern Bell Tel. & Tel.	100	4.625	12-01-93	102,256	63,630	4.441
Southern Bell Tel. & Tel.	100	4.625	12-01-93	102,256	63,630	4.426
Southern Bell Tel. & Tel.	105	5.000	12-01-97	108,371	67,337	4.755
Southern Bell Tel. & Tel.	100	4.375	03-01-98	97,068	58,000	4.599
Southern Bell Tel. & Tel.	300	8.000	07-01-99	302,592	273,420	7.911
Southern Bell Tel. & Tel.	50	4.750	09-01-00	50,482	30,300	4.654
Southern Bell Tel. & Tel.	50	4.750	09-01-00	50,655	30,300	4.654
Southern Bell Tel. & Tel.	300	4.750	09-01-00	226,437	181,800	6.997
Southern Bell Tel. & Tel.	600	9.050	07-01-03	621,089	598,680	8.684
Southern Bell Tel. & Tel.	250	9.050	07-01-03	257,631	249,450	8.701
Southern Bell Tel. & Tel.	700	9.050	07-01-03	721,368	698,460	8.735
Southern Bell Tel. & Tel.	130	4.375	08-01-03	130,247	71,825	4.361
Southern Bell Tel. & Tel.	70	4.375	08-01-03	69,723	38,675	4.402
Southern Bell Tel. & Tel.	100	6.000	10-01-04	103,105	103,210	5.762
Southern Bell Tel. & Tel.	200	6.000	10-01-04	205,996	144,660	5.770
Southern Bell Tel. & Tel.	300	6.000	10-01-04	263,560	216,990	7.060
Southern Bell Tel. & Tel.	350	6.000	10-01-04	305,121	253,155	7.127
Southern California Edison	200	4.375	05-15-88	201,152	134,500	4.316
Southern California Edison	200	4.375	03-01-89	199,111	132,260	4.421
Southern California Edison	250	6.125	08-15-91	227,868	194,375	7.143
Southern California Gas	200	4.375	07-01-88	201,013	131,260	4.319
Southern California Gas	200	5.875	12-01-91	175,692	147,760	7.264
Southern California Gas	300	7.625	09-01-97	300,664	248,640	7.602
Southern California Gas	200	7.625	09-01-97	200,885	165,760	7.600
Southern New England Tel.	100	7.750	06-01-04	100,000	86,880	7.750
Southwestern Bell Tel.	135	4.500	08-01-97	137,790	80,649	4.345
Southwestern Bell Tel.	10	6.750	06-01-08	10,157	7,982	6.624
Southwestern Bell Tel.	410	6.750	06-01-08	420,974	322,916	6.459
Southwestern Bell Tel.	100	6.750	06-01-08	103,683	78,760	6.624
Southwestern Bell Tel.	485	6.750	06-01-08	492,588	381,986	6.624
Southwestern Bell Tel.	100	8.250	09-01-05	101,141	93,700	8.139
Southwestern Electric Power	300	4.375	04-01-93	300,600	183,000	4.356
Southwestern Public Service	70	4.500	02-01-94	70,368	42,700	4.454
Southwestern Public Service	30	4.500	02-01-94	30,000	18,300	4.500
Tennessee Valley Authority	150	9.000	03-15-95	152,538	155,250	8.799
Texas Electric Service	300	4.375	04-01-93	302,094	184,500	4.314
Texas Electric Service	200	4.500	02-01-95	201,214	122,260	4.454
Texas Power & Light	100	4.500	01-01-91	101,492	65,000	4.360
Texas Power & Light	100	8.875	09-01-00	102,089	98,060	8.651

PUBLIC EMPLOYEES' RETIREMENT SYSTEM FUND

	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
PUBLIC UTILITIES						
Tucson Gas & Electric	$ 250	4.550	02-01-95	$ 250,000	$ 127,750	4.550
Union Electric	100	4.500	11-01-93	100,657	57,250	4.441
United Intermountain Tel.	500	11.000	10-01-99	500,000	408,150	11.000
United Illuminating	500	8.250	12-15-03	500,000	422,500	8.250
United Tel.—Carolinas	490	7.875	10-01-02	490,000	431,200	7.875
United Tel.—Missouri	490	7.875	06-01-03	490,000	431,200	7.875
United Tel.—Northwest	500	10.750	09-01-99	500,000	505,000	10.750
Utah Power & Light	300	7.500	05-01-02	300,000	240,000	7.500
Virginia Electric & Power	100	4.500	12-01-93	100,757	56,750	4.432
Washington Water Power	200	4.625	09-01-94	200,000	116,000	4.625
Wisconsin Power & Light	49	4.625	03-01-89	49,877	32,095	4.436
Wisconsin Public Service	300	4.500	06-01-94	301,093	171,390	4.469
TOTAL	$ 57,254			$ 56,327,532	$ 44,353,190	
COMMON STOCK HOLDINGS	$ 6,300			$ 6,287,008	$ 7,247,530	
MORTGAGES	$ 19,117			$ 19,116,505	$ 19,116,505	
LAND & BUILDING	$ 153			$ 153,011	$ 153,011	
TOTAL INVESTMENTS	$ 120,356			$ 119,289,223	$ 105,900,205	

COMMON STOCK PORTFOLIO
6-30-75*

INDUSTRY / COMPANY	SHARES	COST	MARKET 06-30-75	ANNUAL DIVIDEND P/S	% YIELD
AIRLINES					
Delta	6,000	$ 205,914	$ 222,000	$ .60	1.75
U.A.L.	14,000	236,753	287,000	.60	3.55
BANKING					
Citicorp	4,000	113,825	154,000	.88	3.09
Mfs. Hanover	10,000	380,905	382,500	1.72	4.52
NW Bancorporation	9,000	380,600	420,750	1.60	3.78
Wells Fargo	19,000	337,544	361,000	.96	5.41
CHEMICAL					
American Cyanamid	16,000	329,193	442,000	1.50	7.29
Hercules	7,000	221,711	224,000	.80	2.53
Monsanto	6,000	352,591	433,500	2.60	4.42
DRUGS					
Abbott Labs	8,000	425,153	610,000	1.44	2.71
Bristol Myers	6,000	261,585	413,250	1.60	3.67
Smith Kline	8,000	358,511	424,000	2.00	4.46
ELECTRONICS					
R.C.A.	20,000	354,269	410,000	1.00	5.65
FOOD PRODUCTS					
General Mills	8,000	385,141	401,000	1.20	2.49
INSURANCE					
St. Paul Companies	7,000	198,250	224,000	.72	2.54
MISCELLANEOUS SERVICES					
Otis Elevator	10,000	378,453	298,750	2.20	5.81
Owens Illinois	11,000	383,784	453,750	1.72	4.93
OFFICE EQUIPMENT					
IBM	2,100	447,673	438,900	6.00	2.81
PAPER & FOREST PRODUCTS					
Georgia Pacific	11,382	355,345	515,036	.80	2.56
International Paper	9,000	391,222	459,000	2.00	4.60
PETROLEUM & GAS					
Arkansas Louisiana Gas	16,000	324,981	432,000	1.70	8.37
Atlantic Richfield	4,000	330,601	414,000	2.50	3.02

COMMON STOCK PORTFOLIO
6-30-75*

	SHARES	COST	MARKET 06-30-75	ANNUAL DIVIDEND P/S	% YIELD
PETROLEUM & GAS					
Exxon	5,000	$ 448,450	$ 462,500	$ 5.00	5.57
Mobil Oil	9,000	448,979	427,500	3.40	6.81
Phillips Petroleum	9,000	397,643	535,500	1.60	3.62
Standard Oil of Indiana	10,000	476,764	493,750	2.00	4.19
Union Oil of California	12,000	452,381	541,500	1.98	5.25
RETAIL					
Safeway Stores	7,000	238,018	329,875	1.80	5.29
STEEL					
U.S. Steel	5,000	207,013	306,875	2.80	6.76
TIRE & RUBBER					
Goodyear Tire & Rubber	22,000	355,713	418,000	1.10	6.80
UTILITIES (COMMUNICATION)					
American Tel. & Tel.	7,000	316,965	356,125	3.40	7.51
Central Telephone	18,000	332,151	382,500	1.20	6.50
Communication Satellite	10,000	363,665	436,250	1.00	2.75
UTILITIES (ELECTRICAL)					
Arizona Public Service	20,000	344,656	315,000	1.36	7.89
Florida Power & Light	14,000	377,647	364,000	1.46	5.41
Montana Power	14,000	383,603	374,500	1.80	6.57
Texas Utilities	14,000	276,364	330,750	1.24	6.28
TOTAL	387,482	$ 12,574,016	$ 14,495,061		Avg. 4.85

*Public Employees' Retirement System and Teachers' Retirement System each own 50%.

TEACHERS' RETIREMENT FUND

	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
GOVERNMENT OBLIGATIONS						
FEDERAL AGENCIES						
Federal Housing Administration	$ 14	4.125	12-29-84	$ 14,150	$ 10,310	4.125
TOTAL	$ 14			$ 14,150	$ 10,310	
U.S. GOVERNMENT GUARANTEED						
Davern Park Apartments	$ 100	5.150	04-01-05	$ 101,636	$ 101,690	5.036
Gateway Manor	100	5.000	02-01-04	100,000	65,560	5.000
Gulf Reston Properties	503	7.950	12-20-93	503,077	503,553	7.950
International Bank for Reconstruction	500	8.125	08-01-96	500,000	472,500	8.125
Martin Luther Tower Mortgage	153	5.150	05-01-06	142,167	141,816	5.732
Presbyterian Ministries	25	5.000	02-01-03	25,325	25,335	4.908
Rocky Mountain Methodist Homes	56	5.150	07-01-05	56,000	56,000	5.150
Two Buttes Water	127	8.750	03-12-10	126,518	127,902	8.750
Walnut Creek Manor	91	5.150	10-01-04	91,000	91,000	5.150
TOTAL	$ 1,655			$ 1,645,723	$ 1,585,356	
CANADIAN OBLIGATIONS						
Bell Tel—Canada	$ 500	9.500	06-01-04	$ 500,000	$ 475,350	9.500
British Columbia Hydro & Power	500	9.625	06-01-05	498,753	505,000	9.625
Canadian National RW	992	8.500	07-15-89	992,057	992,057	8.500
Canadian Pacific Equipment	500	10.125	07-02-90	500,000	500,000	10.125
Manitoba Hydro Electric	500	9.375	12-01-04	481,599	488,750	9.375
Province of New Brunswick	500	8.375	12-15-98	494,124	436,250	8.400
Quebec Hydro Electric	800	10.700	08-01-99	800,000	868,000	10.700
Quebec Hydro Electric	500	8.500	08-01-03	489,905	446,250	8.550
Quebec Hydro Electric	500	8.500	08-01-03	497,625	446,250	8.700
Quebec Hydro Electric	500	8.250	01-01-04	497,601	443,750	8.290
TOTAL	$ 5,792			$ 5,751,664	$ 5,601,657	
CORPORATE OBLIGATIONS						
COMMERCIAL PAPER						
Baxter Labs	$ 1,000	0.000	07-09-75	$ 997,833	$ 997,833	6.000
Channelview Construction	500	0.000	07-08-75	498,358	498,358	5.375
Continental Can	600	0.000	07-02-75	599,329	599,329	5.750
Kraftco	600	0.000	07-08-75	599,200	599,200	6.000
C&H Sugar	1,300	0.000	07-15-75	1,295,640	1,295,640	5.750
TOTAL	$ 4,000			$ 3,990,360	$ 3,990,360	

TEACHERS' RETIREMENT FUND

	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
FINANCIAL						
Associates Corp—North America	$ 300	7.375	12-01-88	$ 298,422	$ 221,640	7.444
AVCO Financial Services	250	7.875	05-01-92	247,887	203,750	7.976
AVCO Financial Services	500	7.625	12-01-97	500,000	389,400	7.625
Beneficial Finance	50	5.000	11-01-90	37,793	33,540	8.359
CIT Financial	150	6.375	10-01-86	139,496	122,625	7.419
CIT Financial	150	4.625	05-01-89	106,733	97,755	9.028
CNA Financial	250	8.500	12-15-95	248,975	180,625	8.549
Chase Manhatten CV	100	6.500	05-01-96	100,000	30,000	6.500
Chrysler Financial	100	7.700	03-01-92	98,533	54,750	7.877
Clark Equipment Credit	300	7.850	12-15-91	300,000	258,000	7.850
Commercial Credit	600	4.375	04-01-81	537,537	455,280	7.061
Commercial Credit	500	7.750	02-15-92	495,844	392,850	7.851
Dominion Bankshares	200	7.750	11-15-96	200,000	164,500	7.750
First Security Corp	500	7.000	10-01-79	500,000	471,250	7.000
Ford Motor Credit	500	7.250	05-01-79	501,924	485,650	7.300
Ford Motor Credit	500	7.250	05-01-79	499,197	485,650	7.150
General Motors Acceptance	180	4.625	06-15-86	134,630	131,940	8.994
Walter E. Heller	300	9.500	12-01-89	300,000	291,390	9.500
Industrial National Corp	500	7.400	07-01-81	500,000	473,150	7.400
International Harvester Credit	200	8.625	08-01-91	200,000	181,880	8.625
International Harvester Credit	900	7.500	01-15-94	896,023	711,000	7.550
J. P. Morgan & Co. CV	150	4.750	11-01-98	150,000	118,635	4.750
Northwest Bancorporation	500	7.750	03-15-03	500,000	430,000	7.750
Trailmobile Financial	500	7.875	03-15-93	496,677	422,500	7.950
Transamerica Financial	500	7.875	11-01-91	496,938	393,750	7.951
TOTAL	$ 8,680			$ 8,486,609	$ 7,201,510	
INDUSTRIAL						
Allied Chemical	$ 125	6.600	08-01-93	$ 125,000	$ 103,125	7.944
Allied Chemical	500	9.000	04-01-00	496,292	498,150	9.076
Aluminum Co.—N.America CV	50	5.250	09-15-91	52,702	52,995	4.483
Anaconda Co.	100	6.625	11-15-93	98,428	77,720	6.793
Anaconda Co.	250	6.625	11-15-93	230,047	194,300	7.510
Armstrong Cork	250	8.000	05-15-96	250,000	233,450	8.000
Ashland Oil Inc. CV	50	4.750	08-15-93	52,737	52,890	4,254
Atlantic Richfield	300	8.625	04-01-00	300,000	295,890	8.625
Bendix	100	6.625	12-01-92	94,300	83,110	7.263
Berkshire Hathaway	500	8.000	03-01-93	500,000	500,000	8.000
Bethlehem Steel	500	8.450	03-01-05	500,000	485,000	8.450
Borg-Warner	200	5.500	03-01-92	200,000	152,860	5.500
Bristol Meyers	125	5.700	06-01-92	125,000	98,287	5.700

	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
INDUSTRIAL						
Carnation	$ 200	8.500	05-01-99	$ 199,523	$ 199,120	8.520
Caterpillar Tractor	300	5.300	04-01-92	266,156	228,180	6.524
Channing House	92	5.000	05-01-04	94,193	94,272	4.851
Cities Service	525	6.625	08-01-99	457,155	415,852	8.043
Cities Service	250	6.625	08-01-99	231,794	198,025	7.330
Container Corp—America	100	6.625	03-15-93	100,000	82,500	6.625
Dayton Hudson	250	9.750	06-01-95	250,000	250,000	9.750
Eaton, Yale & Towne	100	5.500	03-15-92	100,000	75,000	5.500
Food Maker	250	8.750	11-01-89	250,000	250,000	8.750
General Mills	200	8.875	10-15-95	200,000	198,600	8.875
Georgia Pacific CV	100	6.250	05-15-00	100,000	112,000	6.250
Grace Line	48	5.100	02-01-92	48,000	36,053	5.100
Gulf Oil	50	6.625	06-15-93	50,000	42,045	6.626
Halliburton	500	9.250	04-01-00	497,523	511,250	9.250
Hercules CV	200	6.500	06-30-99	200,000	218,000	6.500
Honeywell	100	5.600	03-01-92	100,000	75,500	5.600
Ingersoll Rand	500	8.750	05-01-85	498,525	507,500	8.875
International Harvester	100	6.250	03-01-98	100,000	78,880	6.250
Kennecott Copper	300	7.875	05-01-01	292,239	271,830	8.144
Marathon Oil	250	8.500	02-01-00	249,484	241,250	8.523
May Department Stores	400	9.000	11-15-89	400,000	371,520	9.000
McGraw Hill CV	49	3.875	05-01-92	46,759	46,628	4.313
MGIC Investment Corp CV	55	5.000	12-15-93	55,000	30,800	5.000
National Cash Register CV	50	5.600	06-15-91	41,881	37,940	7,626
National Cash Register CV	100	6.000	05-01-95	100,000	82,000	6.000
NLT Corp	500	8.800	05-01-85	500,000	510,000	8.800
Outboard Marine	100	7.750	02-01-96	99,588	86,000	7.795
Packaging Corporation—America	105	4.375	10-01-87	105,000	66,938	4.375
J. C. Penney	250	9.000	06-15-99	250,000	248,750	9.000
Pet Inc.	50	8.000	03-01-91	50,000	46,065	8.000
Phillip Morris	100	6.625	10-15-93	98,479	82,630	6.954
Phillip Morris	250	8.875	06-01-04	248,493	247,500	8.930
Phillips Petroleum	200	7.625	03-15-01	199,140	179,880	7.668
Pillsbury CV	63	4.750	02-15-89	58,120	57,758	5.682
Pillsbury	225	8.750	11-01-95	225,000	216,855	8.750
Pittston CV	200	4.000	07-01-97	200,000	107,500	4.000
Pullman Transport Leasing	200	7.750	06-15-92	200,000	169,760	7.750
RCA	600	10.200	08-15-92	600,000	615,000	10.200
Research Properties	250	8.250	11-01-99	250,000	250,000	8.250
R. J. Reynolds Tobacco	50	7.875	09-01-94	49,904	46,625	7.898
J. Schlitz Brewing	650	7.200	01-15-96	625,762	557,375	7.603
Sears & Roebuck	250	8.625	10-01-95	248,977	251,775	8.674

	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
INDUSTRIAL						
Shell Oil	$ 200	5.300	03-15-92	$ 199,666	$ 147,720	5.318
Shell Oil	150	5.300	03-15-92	120,431	110,790	7.756
Shell Oil	500	8.750	05-15-05	496,261	500,000	8.750
Standard Oil—Calif.	333	7.500	01-01-99	333,335	333,668	7.500
Standard Oil—New Jersey	250	6.500	07-15-98	250,000	203,750	6.500
Standard Oil—Ohio	250	8.500	01-01-00	249,481	238,900	8.523
Stauffer Chemical	250	8.125	06-01-96	247,905	233,125	8.220
Sunbeam	100	5.500	08-15-92	85,511	74,450	7.273
Sybron	100	7.500	04-15-94	98,817	87,630	7.636
Sybron	150	7.500	04-15-94	139,371	131,445	8.356
Systems Building	673	8.000	07-01-97	672,718	673,055	8.000
Textron	200	7.500	07-15-97	200,000	176,760	7.500
Union Oil—California	150	6.625	06-01-98	148,513	121,815	6.722
Union Oil—California	500	7.500	01-01-98	500,000	429,900	7.500
U.S. Industries	350	7.750	06-01-97	350,000	231,875	7.750
U.S. Shoe	150	7.125	02-15-94	149,021	120,570	7.750
U.S. Steel	200	7.750	03-01-01	200,000	179,640	7.750
Western Auto Supply	450	7.850	01-15-96	447,203	405,000	7.919
Western Auto Supply	300	7.850	01-15-96	251,229	270,000	7.850
Westinghouse Electric	100	8.625	09-01-95	99,798	92,180	8.649
White Motor	125	7.500	03-01-93	125,000	88,913	7.500
Witco Chemical CV	20	4.500	12-15-93	20,000	12,600	4.500
Youngstown Sheet & Tube	350	10.500	08-01-00	350,000	338,625	10.500
Youngstown Sheet & Tube	866	4.600	07-01-95	624,735	612,695	7.558
TOTAL	$ 18,879			$ 18,320,196	$ 17,038,039	
TRANSPORTATION						
ACF Industries	$ 40	5.625	04-15-81	$ 40,000	$ 34,000	5.625
ACF Industries	93	5.500	04-15-82	93,000	76,911	5.500
Atchison, Topeka & Santa Fe	250	7.125	02-15-82	240,349	238,900	7.978
Atchison, Topeka & Santa Fe	500	7.250	05-01-78	500,000	494,500	7.250
Burlington Northern	178	8.125	09-01-81	178,194	179,050	8.125
Burlington Northern	260	9.625	10-01-87	260,000	267,582	9.625
Burlington Northern	250	8.500	05-01-96	250,000	229,550	8.500
Burlington Northern	695	7.750	07-15-86	695,149	695,566	7.750
Calif. & Hawaiian Sugar	479	8.250	08-24-93	479,119	479,982	8.250
Clinchfield Equipment Trust	100	5.500	01-15-81	100,384	100,450	5.397
Fruit Growers	125	4.600	05-01-80	96,631	90,763	12.234
Fruit Growers	60	4.650	07-15-80	60,000	47,034	4.625
Fruit Growers	133	7.000	04-15-83	133,333	114,253	7.000
Fruit Growers Express	392	9.250	05-15-89	392,000	328,614	9.250
Grand Trunk Western	198	9.250	09-15-85	197,908	198,423	9.250

	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
TRANSPORTATION						
GSCX First Equipment	$ 212	9.750	06-15-86	$ 211,990	$ 212,372	9.750
Illinois Central	25	5.250	08-01-80	23,299	19,595	7.042
Lakehead Pipeline	50	6.500	08-01-92	44,840	39,875	7.761
Lakehead Pipeline	100	7.125	04-15-93	89,089	84,000	8.443
Lakehead Pipeline	200	7.600	06-15-97	200,000	156,900	7.600
Louisville & Nashville	100	7.000	03-01-84	100,000	87,300	7.000
Michigan Wisconsin Pipeline	100	8.000	04-15-91	98,022	85,630	8.260
Michigan Wisconsin Pipeline	200	7.625	12-15-91	198,316	168,260	7.725
Missouri Pacific	50	8.250	10-15-80	50,000	48,750	8.250
Norfolk & Western	167	8.875	10-01-84	166,667	166,967	8.875
Northern Pacific	114	5.500	03-01-82	114,333	114,916	5.500
Northern Pacific	148	6.625	02-01-84	147,837	148,118	6.625
Pennsylvania Central	399	10.000	11-01-85	398,677	398,757	10.000
Plantation Pipeline	404	4.500	02-01-94	311,929	306,959	6.875
Plantation Pipeline	250	7.000	02-01-99	250,000	207,975	7.000
St. Louis San Francisco	13	4.250	03-15-76	12,882	12,716	4.854
St. Louis San Francisco	29	4.250	03-15-77	28,793	28,672	4.810
St. Louis San Francisco	29	4.250	03-15-78	28,347	28,107	4.774
St. Louis San Francisco	14	4.250	03-15-79	13,633	13,534	4.743
St. Louis San Francisco	49	4.250	03-15-80	47,579	47,280	4.717
St. Louis San Francisco	93	5.750	03-01-82	93,333	93,921	5.750
St. Louis San Francisco	100	9.500	02-01-85	100,000	101,550	9.500
St. Louis San Francisco	248	9.750	07-01-85	248,193	248,391	9.750
St. Louis Southwestern	400	7.125	02-01-78	401,064	401,480	7.000
Seaboard Coastline	170	6.375	12-15-82	169,510	169,646	6.375
Seaboard Coastline	209	10.500	03-01-85	209,275	209,987	10.500
Shell Pipeline	250	7.500	07-01-99	250,000	222,500	7.500
Spokane, Portland & Seattle	147	9.625	03-01-85	147,131	147,249	9.625
Towson Equipment	245	8.500	01-01-85	244,530	245,435	8.500
Trailer Train	40	5.000	07-15-76	39,942	39,888	11.042
Trailer Train	320	7.125	12-01-82	309,690	308,576	7.770
Trailer Train	60	7.250	12-15-83	60,000	60,606	7.250
Trailer Train	183	10.500	07-15-85	183,333	184,250	10.500
Trailer Train	500	8.750	04-01-89	500,000	444,900	8.750
Transok Pipeline	500	9.000	11-01-80	500,000	515,000	9.000
Union Tank Car	46	9.300	11-15-89	46,000	45,540	9.300
Western Maryland	250	7.875	10-01-78	243,825	241,925	8.914
TOTAL	$ 10,167			$ 9,998,126	$ 9,633,105	
PUBLIC UTILITIES						
American Tel. & Tel.	$ 100	7.000	02-15-01	$ 99,359	$ 84,250	7.060
Brooklyn Union Gas	777	4.375	05-28-88	573,932	451,670	8.309

PUBLIC UTILITIES	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
Carolina Power & Light	$ 100	4.500	11-01-91	$ 101,245	$ 54,380	4.366
Carolina Tel. CV	63	5.750	01-15-88	57,256	56,795	7.035
Central Illinois Public Service	25	4.750	01-01-89	20,335	17,063	7.377
Central Illinois	100	5.875	05-01-97	91,064	71,250	6.754
Central Maine	200	7.700	07-01-97	200,000	159,000	7.700
Chesapeake & Potomac Tel-Maryland	100	5.875	06-01-04	100,889	71,000	5.799
Chesapeake & Potomac Tel-Virginia	225	5.250	05-01-05	226,896	143,730	5.185
Chesapeake & Potomac Tel-Virginia	120	5.625	03-01-07	121,140	80,556	5.549
Columbia Gas System	50	7.250	05-01-93	50,000	42,250	7.250
Commonwealth Edison	170	3.250	07-01-82	160,654	126,446	4.394
Consolidated Edison-New York	500	4.000	06-01-88	447,361	248,750	5.383
Consolidated Edison-New York	50	4.375	10-01-92	42,971	23,190	5.951
Consolidated Edison-New York	200	4.625	12-01-93	203,491	94,360	4.451
Consolidated Edison-New York	150	5.900	12-15-96	150,000	82,695	5.900
Consolidated Edison-New York	400	7.900	04-15-02	396,060	277,320	8.051
Consolidated Edison-New York	250	7.900	04-15-02	247,538	173,325	8.011
Consolidated Edison-New York	250	7.900	04-15-02	250,000	173,325	7.900
Consumers Power	500	11.375	08-01-94	500,000	473,750	11.375
Dallas Power & Light	200	4.250	02-01-93	180,450	121,760	5.281
Delaware Power & Light	50	4.625	10-01-94	50,603	28,815	4.509
Detroit Edison	150	6.000	12-01-96	150,000	88,125	6.000
Diamond State Tel.	50	4.750	04-01-94	50,734	32,065	4.607
Duquesne Light	100	5.125	02-01-96	100,793	63,000	5.049
El Paso Electric	100	4.625	02-01-92	80,277	63,630	7.017
Equitable Gas	486	8.000	06-15-97	486,000	490,482	8.000
Florida Power & Light	100	4.375	12-01-86	99,364	66,000	7.450
Florida Power & Light	100	4.375	12-01-86	78,310	66,000	4.463
Florida Power & Light	100	4.500	08-01-92	101,268	58,888	4.368
General Tel-California	320	5.000	12-01-89	261,628	212,416	7.287
General Tel-California	100	4.625	12-01-91	88,924	61,000	5.910
General Tel-Florida	200	7.500	08-01-02	198,262	155,780	7.600
Georgia Power	100	4.625	10-01-94	100,994	49,130	4.530
Georgia Power	500	7.500	12-01-02	500,000	349,300	7.500
Gulf Power	100	4.625	10-01-94	101,293	61,250	4.501
Hartford Electric Light	50	4.250	04-01-93	49,778	26,250	6.625
Idaho Power	65	4.500	10-15-88	58,127	42,250	5.901
Illinois Bell Tel.	50	4.875	07-01-97	49,295	32,000	5.001
Illinois Bell Tel.	300	4.375	07-01-03	300,592	167,250	4.360
Illinois Power	50	5.850	10-01-96	42,715	36,125	7.602
Indiana Bell Tel.	300	4.375	06-01-03	303,117	165,000	4.294
Indiana Bell Tel.	50	4.750	10-01-05	50,000	29,125	4.607
Kansas Nebraska Natural Gas	146	8.450	08-01-91	146,000	128,845	8.450

	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
PUBLIC UTILITIES						
Kentucky Power	$ 650	5.125	01-01-96	$ 511,150	$ 383,500	7.537
Lone Star Gas	100	7.250	12-15-93	100,000	80,380	7.250
Lone Star Gas	500	7.500	12-01-96	498,933	406,250	7.500
Long Island Lighting	500	4.550	06-01-95	500,000	273,050	4.550
Michigan Consolidated Gas	150	6.500	06-01-92	126,587	113,250	8.600
Michigan Consolidated Gas	300	7.625	07-01-97	300,000	245,250	7.625
Monongahela Power	250	8.875	05-01-01	254,005	216,875	8.699
Montana Power	98	4.500	04-01-89	99,177	64,925	4.370
Montana Power	600	7.500	04-01-01	601,814	510,240	7.466
Montana Power	500	8.625	03-01-04	501,279	474,400	8.600
Mountain States Tel. & Tel.	250	4.375	02-01-88	237,547	170,625	4.985
Mountain States Tel. & Tel.	200	9.000	11-01-10	200,000	199,500	9.000
Mountain States Tel. & Tel.	500	7.750	06-01-13	500,000	442,500	7.750
National Rural Utilities	500	7.400	12-01-07	498,261	405,650	7.430
New England Power	200	4.500	11-01-93	201,417	111,760	4.439
New England Tel. & Tel.	150	4.000	04-01-93	131,800	87,000	5.280
New England Tel. & Tel.	100	4.625	04-01-99	72,684	59,500	7.476
New England Tel. & Tel.	75	4.500	07-01-02	63,345	42,750	5.856
New York State Electric & Gas	200	6.250	09-01-97	189,742	139,500	6.751
New York Tel.	50	4.500	05-15-91	46,185	32,065	5.377
New York Tel.	100	4.625	10-01-97	103,426	60,000	4.327
New York Tel.	200	4.625	01-01-02	204,017	115,760	4.470
New York Tel.	100	4.875	01-01-06	100,765	59,130	4.818
Northern Illinois Gas	50	4.500	08-01-89	50,000	33,065	4.500
Northern Indiana Public Service	50	4.500	04-15-93	50,635	31,250	4.368
Northern Natural Gas	450	4.500	11-01-84	451,626	330,210	4.440
Northern States Power	250	4.375	09-01-93	249,810	150,325	4.382
Ohio Bell Tel.	150	5.000	02-01-06	151,147	91,875	4.942
Pacific Gas & Electric	20	4.500	12-01-86	18,597	14,226	5.511
Pacific Gas & Electric	100	5.000	06-01-91	76,763	68,380	8.089
Pacific Gas & Electric	300	4.500	06-01-96	302,725	191,970	4.418
Pacific Gas & Electric	100	4.500	12-01-96	100,000	59,500	4.500
Pacific Gas & Electric	100	5.375	06-01-98	100,274	67,200	5.350
Pacific Gas & Electric	150	5.750	12-01-98	149,223	106,125	5.798
Pacific Gas & Electric	100	6.750	12-01-00	94,537	79,000	7.302
Pacific Lighting Service	300	7.625	12-01-91	300,000	252,390	7.625
Pacific Northwest Bell Tel.	250	4.500	12-01-00	251,756	145,625	4.430
Pacific Northwest Bell Tel.	50	4.500	04-01-03	42,642	28,565	5.748
Pacific Tel. & Tel.	400	4.625	04-01-99	406,943	241,000	4.479
Pacific Tel. & Tel.	200	4.625	05-01-00	191,618	119,500	4.983
Pacific Tel. & Tel.	20	6.000	11-01-02	16,106	14,316	8.049
Pennsylvania Electric	100	4.625	10-01-94	101,207	54,380	4.509

	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
PUBLIC UTILITIES						
Pennsylvania Power & Light	$ 500	7.500	01-01-03	$ 498,278	$ 410,650	7.500
Philadelphia Electric Power	100	5.750	06-15-77	100,000	93,780	5.750
Philadelphia Electric Power	25	4.500	03-01-95	23,342	12,158	5.151
Potomac Electric Power	50	4.625	12-01-93	51,124	29,875	4.406
Potomac Electric Power	100	4.500	05-15-99	100,000	55,130	4.500
Public Service-Colorado	50	4.500	10-01-91	50,620	31,815	4.366
Public Service-Indiana	75	3.125	11-01-77	73,351	67,687	4.382
Public Service-New Hampshire	300	7.625	06-15-02	300,000	226,140	7.625
Public Service Electric & Gas	50	4.375	11-01-86	48,225	32,440	4.880
Public Service Electric & Gas	10	4.625	08-01-88	9,590	6,313	5.088
Public Service Electric & Gas	300	4.625	09-01-94	302,982	168,390	4.529
Public Service Electric & Gas	50	4.750	09-01-95	50,295	28,250	4.694
Public Service Electric & Gas	295	7.750	08-15-96	295,000	223,846	7.750
Public Service Electric & Gas	400	7.500	04-01-02	400,000	326,000	7.500
Puget Sound Power & Light	50	4.625	11-01-93	50,122	26,875	4.600
Rochester Gas & Electric	100	4.500	11-15-91	101,239	57,750	4.367
San Diego Gas & Electric	50	4.500	09-01-94	50,000	24,690	4.500
San Diego Gas & Electric	50	4.500	09-01-94	35,836	24,690	7.400
Southeastern Tel.	500	7.650	02-01-97	500,000	410,650	7.650
Southern Bell Tel. & Tel.	100	4.000	10-01-83	97,765	75,630	4.408
Southern Bell Tel. & Tel.	25	4.375	03-01-98	21,346	14,500	5.756
Southern Bell Tel. & Tel.	165	4.750	09-01-00	166,427	99,990	4.679
Southern California Edison	100	4.875	09-01-82	83,963	82,500	8.571
Southern California Edison	200	4.375	03-01-89	198,912	132,260	4.432
Southern California Edison	150	4.500	02-15-90	150,217	99,810	4.482
Southern California Edison	500	4.500	02-15-90	386,880	332,700	7.190
Southern California Edison	150	5.250	05-15-91	148,886	105,885	5.335
Southern New England Tel.	250	8.125	05-01-08	246,668	226,025	8.255
Southern Union Gas	50	4.625	05-15-84	49,889	37,315	8.125
Southwestern Bell Tel.	500	4.625	08-01-95	476,376	311,450	5.055
Southwestern Public Service	100	4.625	02-01-95	100,500	61,380	4.579
Tenneco	488	8.250	10-01-91	489,987	382,816	8.198
Tucson Gas & Electric	250	4.550	02-01-95	250,000	127,900	4.550
Union Electric	100	4.375	03-01-88	100,131	63,250	4.358
Union Electric	300	4.500	11-01-93	301,480	171,750	4.450
United Tel.-Indiana	238	9.125	04-01-00	237,500	199,951	9.125
United Tel.-Missouri	490	7.875	06-01-03	490,000	431,200	7.875
United Tel.-Northwest	500	10.750	09-01-99	500,000	505,000	10.750
United Tel.-Ohio	188	7.600	08-01-02	188,000	152,280	7.600
United Tel.-Pennsylvania	238	9.750	06-01-00	237,500	212,349	9.750
Utah Power & Light	600	7.500	05-01-02	600,000	480,000	7.500
Virginia Electric & Power	150	4.500	05-01-95	149,377	84,000	4.538

	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
PUBLIC UTILITIES						
Washington Water Power	$ 400	4.625	09-01-94	$ 400,000	$ 232,000	4.625
West Penn Power	100	4.500	03-01-92	101,255	60,630	4.367
Western Electric	450	7.500	06-15-96	450,000	410,625	7.500
Wisconsin Michigan Power	200	5.875	08-01-96	175,433	135,760	7.101
Wisconsin Natural Gas	100	4.875	10-01-90	100,383	64,600	4.831
Wisconsin Natural Gas	150	4.875	10-01-90	116,415	94,875	7.775
Wisconsin Natural Gas	100	8.750	09-15-94	101,179	90,500	8.599
Wisconsin Public Service	200	4.375	10-01-93	200,000	113,260	4.375
Wisconsin Public Service	100	4.500	06-01-94	100,238	57,130	4.476
Wisconsin Tel.	25	4.875	05-01-95	22,618	16,220	5.489
TOTAL	$ 28,222			$ 27,295,787	$ 20,195,023	
COMMON STOCK HOLDINGS	$ 6,300			$ 6,287,008	$ 7,247,530	
MORTGAGES	$ 21,233			$ 21,233,392	$ 21,233,392	
BUILDING & LAND	$ 174			$ 174,050	$ 174,050	
TOTAL INVESTMENTS	$ 105,116			$ 103,197,065	$ 93,910,332	

TRUST & LEGACY FUND

GOVERNMENT OBLIGATIONS	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
U.S. TREASURY						
U.S. Treasury Notes	$ 90	6.500	05-15-76	$ 89,143	$ 89,775	6.500
U.S. Treasury Notes	300	7.750	08-15-77	300,000	303,000	7.800
U.S. Treasury Notes	330	6.250	02-15-78	329,262	322,146	6.250
U.S. Treasury Notes	658	6.250	02-15-78	656,775	642,340	6.250
U.S. Treasury Notes	50	6.250	02-15-78	49,991	48,810	6.250
U.S. Treasury Bonds	470	4.000	02-15-80	472,833	407,725	3.811
U.S. Treasury Bonds	2,154	3.250	06-15-83	2,154,000	1,715,015	3.250
U.S. Treasury Bonds	100	3.250	06-15-83	100,008	79,620	3.250
U.S. Treasury Bonds	180	3.250	05-15-85	180,331	143,100	3.250
U.S. Treasury Bonds	170	4.250	05-15-85	170,260	137,904	4.250
U.S. Treasury Bonds	500	4.250	08-15-92	417,580	400,600	4.250
U.S. Treasury Bonds	220	4.250	08-15-92	184,523	176,246	4.250
U.S. Treasury Bonds	1,815	4.125	05-15-94	1,815,000	1,452,000	4.125
TOTAL	$ 7,037			$ 6,919,706	$ 5,918,281	
FEDERAL AGENCIES						
Federal Land Banks	$ 86	5.000	02-24-76	$ 84,585	$ 84,925	5.000
Federal Land Banks	155	5.000	02-24-76	152,469	153,063	5.000
Federal Land Banks	300	7.150	10-20-76	300,000	299,625	7.150
Federal Land Banks	200	7.150	10-20-76	200,352	199,750	6.990
Federal Land Banks	160	5.125	04-20-78	160,091	149,200	5.125
Federal Land Banks	90	5.125	04-20-78	89,958	83,925	5.125
Federal Land Banks	130	5.125	04-20-78	128,498	122,356	5.125
Federal Land Banks	180	5.125	04-20-78	176,955	169,416	5.125
Federal Land Banks	215	5.125	04-20-78	210,239	200,488	5.125
Federal Land Banks	190	5.125	04-20-78	183,415	178,828	5.125
Federal Land Banks	80	5.125	04-20-78	75,014	75,266	5.125
Federal Land Banks	200	5.000	01-22-79	199,476	183,000	5.000
Federal Land Banks	125	5.000	01-22-79	124,601	114,375	5.000
Federal Land Banks	145	5.000	01-22-79	143,748	132,675	5.000
Federal Land Banks	110	5.000	01-22-79	109,143	100,650	5.000
Federal Land Banks	155	5.000	01-22-79	153,263	141,825	5.000
Federal Land Banks	120	5.000	01-22-79	118,531	109,800	5.000
Federal Land Banks	63	5.000	01-22-79	61,968	57,645	5.000
Federal Land Banks	96	5.000	01-22-79	93,655	87,840	5.000
Federal Land Banks	470	5.000	01-22-79	458,810	430,050	5.000
Federal Land Banks	175	5.000	01-22-79	169,743	160,125	5.000
Federal Land Banks	130	5.000	01-22-79	126,570	118,950	5.000
Federal Land Banks	235	5.000	01-22-79	224,795	215,025	5.000
Federal Land Banks	235	5.000	01-22-79	225,585	215,025	5.000
Federal Land Banks	100	5.000	01-22-79	91,931	91,500	5.000
Federal Land Banks	115	5.000	01-22-79	107,225	105,225	5.000

TRUST & LEGACY FUND

	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
FEDERAL AGENCIES						
Federal Land Banks	$ 120	5.000	01-22-79	$ 111,285	$ 109,800	5.000
Federal Land Banks	150	5.000	01-22-79	143,826	137,250	5.000
Federal Land Banks	125	5.000	01-22-79	122,177	114,375	5.000
Federal Land Banks	50	6.700	04-20-81	50,304	47,185	6.700
Federal Land Banks	140	6.700	04-20-81	139,127	132,118	6.700
Federal Land Banks	120	6.700	04-20-81	120,000	113,244	6.700
Federal Land Banks	500	6.900	04-20-82	500,000	470,600	6.900
FHA Insured Notes	500	6.400	03-31-81	491,422	451,250	6.818
GNMA	500	7.150	05-26-97	492,125	436,250	7.300
GNMA	443	6.500	01-01-02	427,450	343,093	6.813
GNMA Passthrough	905	6.500	11-15-03	793,752	700,595	8.370
GNMA Passthrough	926	8.000	12-15-03	888,591	860,985	8.440
GNMA Participation Cert. (FNMA)	400	6.400	12-11-87	380,665	344,480	7.040
TOTAL	$ 9,139			$ 8,831,344	$ 8,241,777	
U.S. GOVERNMENT GUARANTEED						
American Export Lighting MM	$ 3,961	7.300	01-01-94	$ 3,961,000	$ 3,533,608	7.300
American Export MM	2,068	7.300	07-01-97	2,068,000	1,861,200	7.300
American Export Staghound MM	3,973	7.300	01-01-94	3,973,000	3,575,700	7.300
American President Lines MM	700	7.625	05-01-96	703,800	653,380	7.567
Boston Tankers MM	500	8.200	04-01-96	500,000	487,800	8.200
Falcon Tankers MM	500	7.300	02-01-92	500,000	459,550	7.300
Jonathan Development Corp.	500	7.200	06-01-92	500,000	454,650	7.200
Litton Hull 102 System MM	489	7.375	12-12-98	488,780	446,110	7.375
Lykes Bros. Steamship MM	200	7.200	06-15-90	200,000	182,920	7.200
Lykes Bros. Steamship MM	756	8.300	09-15-91	789,203	746,172	7.748
Moore McCormick Line MM	135	5.750	04-01-87	120,917	119,718	7.241
Overseas Bulktank MM	1,428	7.375	12-27-93	1,428,350	1,435,140	7.375
Sun Shipbuilding MM	779	7.900	01-01-94	779,000	738,804	7.900
U.S. Govt. Delta Norte MM	200	7.200	03-01-98	199,563	199,540	7.200
U.S. Govt. Delta Sud MM	300	7.200	03-01-98	300,000	268,500	7.200
TOTAL	$ 16,489			$ 16,511,613	$ 15,162,792	
CANADIAN OBLIGATIONS						
British Columbia Hydro & Power	$ 300	5.625	07-02-91	$ 235,810	$ 213,750	8.150
British Columbia Hydro & Power	500	9.625	06-01-05	498,753	505,000	9.625
Province of Ontario	500	10.250	10-01-04	500,000	533,750	10.250
Province of Ontario	500	8.875	03-01-05	497,525	488,750	8.875
TOTAL	$ 1,800			$ 1,732,088	$ 1,741,250	

TRUST & LEGACY FUND

CORPORATE OBLIGATIONS	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
COMMERCIAL PAPER						
Borg Warner Acceptance	$ 500	0.000	07-01-75	$ 497,083	$ 497,083	5.250
TOTAL	$ 500			$ 497,083	$ 497,083	
FINANCIAL						
General Electric Credit	$ 1,000	4.650	05-15-86	$ 771,809	$ 759,400	8.000
Household Finance	500	10.500	09-15-94	$ 500,000	$ 525,000	10.500
TOTAL	$ 1,500			$ 1,271,809	$ 1,284,400	
INDUSTRIAL						
Aluminum Co.—America	$ 1,000	7.450	11-15-96	$ 870,246	$ 978,400	7.450
Aluminum Co.—America	2,471	4.375	03-31-88	1,866,256	1,716,110	7.450
American Can	500	7.750	03-15-01	441,556	448,150	7.750
Carnation	870	4.500	02-01-90	678,329	669,291	7.900
Carnation	448	5.000	04-01-91	359,666	355,802	7.900
Continental Oil	835	5.875	12-01-89	700,465	709,750	5.875
FMC Corp.	400	9.500	01-15-00	396,065	406,520	9.500
Goodyear Tire & Rubber	1,000	7.350	09-15-97	859,512	842,400	7.350
Hercules, Inc.	500	8.750	04-01-83	500,000	503,750	8.750
Merck & Co.	500	7.875	06-15-85	500,000	488,750	7.875
Owens Illinois	1,000	7.625	04-01-01	874,716	888,800	7.625
Owens Illinois	880	5.000	02-01-91	706,687	699,072	8.000
Phillip Morris	1,429	4.900	11-01-89	1,134,586	1,131,339	8.250
Phillip Morris	250	8.875	06-01-04	234,976	247,500	9.500
Phillips Petroleum	2,115	5.375	07-01-91	1,754,789	1,732,185	8.000
Scott Paper	500	8.750	01-15-00	500,000	495,000	8.750
G.D. Searle & Co.	300	8.000	06-15-81	299,255	300,750	8.000
Shell Oil Co. Debs	625	5.000	03-15-91	505,612	500,750	7.750
Shell Oil Co. Debs	750	5.000	03-15-91	555,653	600,900	5.000
Shell Oil Co. Debs	800	4.500	04-15-90	625,015	617,760	7.750
Sherwin Williams	500	9.450	12-01-99	500,000	503,150	9.450
Stafac Inc.	148	4.625	04-01-89	110.017	113,550	4.625
Stafac Inc.	135	4.500	09-01-88	100,598	104,803	4.500
Stafac Inc.	209	4.625	03-01-90	152,428	162,804	4.625
Squibb Corp.	200	8.000	06-15-85	200,000	196,500	8.000
Standard Oil—Indiana	500	9.200	07-15-04	500,000	512,500	9.200
Statewide Stations	964	5.375	03-15-96	778,563	771,586	7.270
Stauffer Chemical	500	8.125	06-01-96	459,590	466,250	8.125
Texaco Inc. Debs	850	4.500	12-15-89	653,497	644,810	7.750
Trailer Train	500	8.750	04-01-89	500,000	444,900	8.750
U.S. Gypsum	1,000	7.875	01-01-04	920,642	923,800	7.875
TOTAL	$ 22,679			$ 19,238,719	$ 19,177,632	

TRUST & LEGACY FUND

	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
TRANSPORTATION						
Colonial Pipeline	$ 1,681	4.736	06-01-90	$ 1,349,132	$ 1,333,033	4.736
TOTAL	$ 1,681			$ 1,349,132	$ 1,333,033	
PUBLIC UTILITIES						
American Tel & Tel	$ 2,500	4.750	11-01-92	$ 1,888,613	$ 1,665,750	7.490
American Tel & Tel	150	4.750	11-01-92	113,206	99,945	7.490
American Tel & Tel	1,000	5.125	04-01-01	653,106	656,800	7.490
Duke Power	500	8.125	11-01-03	395,730	420,000	10.500
Gulf States Utilities	750	6.625	02-01-98	551,026	585,000	9.600
Hartford Electric	300	5.625	04-01-97	238,770	183,750	7.650
Houston Lighting & Power	1,000	5.250	04-01-96	781,051	670,000	7.450
Houston Lighting & Power	1,000	8.125	02-01-04	900,800	912,500	8.125
Illinois Bell Tel.	1,000	6.000	07-01-98	745,056	749,200	6.000
Indiana Bell Tel.	300	5.500	04-01-07	188,798	196,890	9.200
Monongahela Power	200	5.500	03-01-96	148,759	123,000	8.200
Mountain States Tel & Tel	1,000	5.000	04-01-00	634,653	630,000	8.646
New York State Electric & Gas	200	5.625	01-01-97	157,730	129,260	7.750
Northern States Power	500	9.500	05-01-05	497,507	490,000	9.500
Pacific Gas & Electric	400	5.000	06-01-89	318,503	282,000	7.500
Pacific Gas & Electric	1,000	4.375	06-01-94	706,766	602,500	7.450
Pacific Gas & Electric	300	5.750	12-01-98	242,705	212,250	7.580
Pacific Tel & Tel	1,000	6.000	11-01-02	757,226	715,800	6.000
Southern California Edison	635	5.250	01-15-91	510,800	448,247	7.500
Southern Counties Gas Co.—California	300	4.750	08-01-90	225,463	197,640	7.700
TOTAL	$ 14,035			$ 10,656,268	$ 9,970,532	
TOTAL INVESTMENTS	$ 74,860			$ 67,007,762	$ 63,326,780	

WORKMENS' COMPENSATION FUND

	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
CERTIFICATES OF DEPOSIT						
Bank of Montana—Helena	$ 200	5.500	05-06-76	$ 200,000	$ 200,000	5.500
TOTAL	$ 200			$ 200,000	$ 200,000	
MONTANA OBLIGATIONS						
U.C.C. Bonds	$ 97	5.000	08-01-77	$ 97,000	$ 97,000	5.000
TOTAL	$ 97			$ 97,000	$ 97,000	
GOVERNMENT OBLIGATIONS U.S. TREASURY						
U.S. Treasury Notes	$ 70	7.750	08-15-77	$ 69,947	$ 70,700	7.750
U.S. Treasury Notes	1,600	6.250	08-15-79	1,600,000	1,528,000	6.250
U.S. Treasury Bonds	350	4.000	02-15-80	349,231	303,625	4.000
U.S. Treasury Bonds	25	3.500	11-15-80	25,000	20,905	3.500
U.S. Treasury Bonds	65	3.500	02-15-90	65,000	51,838	3.500
TOTAL	$ 2,110			$ 2,109,178	$ 1,975,068	
FEDERAL AGENCIES						
Federal National Mortgage Assn.	$ 500	4.500	02-10-77	$ 490,140	$ 476,850	4.500
International Bank for Reconstruction	400	8.125	08-01-96	$ 400,000	378,000	8.125
TOTAL	$ 900			$ 890,140	$ 854,850	
CANADIAN OBLIGATIONS						
British Columbia Hydro & Power	$ 500	9.625	06-01-05	$ 498,753	$ 505,000	9.625
Manitoba Hydro Electric	500	8.000	10-15-03	495,279	423,750	8.000
Manitoba Hydro Electric	500	9.375	12-01-04	496,322	488,750	9.375
Province of New Brunswick	300	8.375	12-15-98	296,475	261,750	8.400
Province of Ontario	350	7.900	10-15-03	350,000	310,625	7.900
Quebec Hydro Electric	400	8.500	08-01-03	398,126	357,000	8.550
Quebec Hydro Electric	200	8.250	01-01-04	199,050	173,500	8.300
Quebec Hydro Electric	600	10.250	01-15-05	600,000	619,500	10.250
TOTAL	$ 3,350			$ 3,334,005	$ 3,139,875	
CORPORATE OBLIGATIONS COMMERCIAL PAPER						
Channelview Construction Trust	$ 300	0.000	07-15-75	$ 299,063	$ 299,063	
Ford Motor Credit	500	0.000	07-07-75	499,417	499,417	
Montgomery Ward Credit	900	0.000	08-01-75	894,859	894,859	
TOTAL	$ 1,700			$ 1,693,339	$ 1,693,339	

WORKMENS' COMPENSATION FUND

	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
FINANCIAL						
Chemical New York	$ 200	6.625	04-15-80	$ 199,286	$ 188,000	6.722
Commercial Credit	600	7.750	02-15-92	594,917	471,420	7.851
First Bank System	500	6.750	09-15-79	500,000	451,900	6.750
First Chicago	500	6.750	11-01-80	497,500	468,750	6.870
First National Boston	500	6.750	07-15-80	498,999	470,650	6.830
General Motors Acceptance	500	7.850	11-01-98	500,000	450,900	7.850
Honeywell Finance	500	8.200	12-15-98	500,000	400,350	8.200
Industrial National	600	7.400	07-01-81	600,000	567,780	7.400
Manufactures Hanover	500	7.600	09-01-81	500,000	482,500	7.600
Security Pacific	500	7.700	02-15-82	500,000	481,900	7.700
United States National Bank—Oregon	400	7.750	01-15-02	400,000	340,520	7.750
TOTAL	$ 5,300			$ 5,290,702	$ 4,774,670	
INDUSTRIAL						
Carnation	$ 500	8.500	05-01-99	$ 498,807	$ 497,800	8.520
Goodyear Tire & Rubber	400	7.350	09-15-97	400,000	336,960	7.375
Hercules	500	8.750	04-01-83	500,000	503,750	8.750
Kraftco	400	8.375	04-15-04	397,118	392,400	8.440
3M Co.	500	8.200	04-01-85	500,000	503,750	8.200
Mountain Fuel Supply	500	8.750	04-15-99	500,000	500,000	8.750
Pepsico	500	8.625	05-15-81	498,946	503,900	8.670
RCA	500	10.200	08-15-92	500,000	512,500	10.200
G.D. Searle & Co.	300	7.500	12-01-80	300,816	294,750	7.430
Shell Oil	600	7.250	02-15-02	600,000	528,000	7.250
Sherwin Williams	500	9.450	12-01-99	500,000	503,150	9.450
Standard Oil—Indiana	300	6.000	09-15-91	290,654	241,350	6.368
Systems Building	481	8.000	07-01-97	480,513	480,754	8.000
Westvaco	500	9.750	04-01-00	500,000	518,150	9.750
TOTAL	$ 6,481			$ 6,466,854	$ 6,317,214	
TRANSPORTATION						
Burlington Northern	$ 200	8.600	01-15-99	$ 200,000	$ 174,500	8.600
Mobil Alaska Pipeline	500	8.450	03-01-05	500,000	486,850	8.450
TOTAL	$ 700			$ 700,000	$ 661,350	
PUBLIC UTILITIES						
American Tel. & Tel.	$ 300	4.375	04-01-85	$ 261,645	$ 225,600	6.551
American Tel. & Tel.	1,800	4.625	02-01-94	1,417,973	1,166,220	6.801
American Tel. & Tel.	850	4.750	06-01-98	662,098	534,820	6.815
American Tel. & Tel.	300	7.750	12-01-77	300,264	299,970	7.670
American Tel. & Tel.	300	7.000	02-15-01	298,079	252,750	7.060

WORKMENS' COMPENSATION FUND

PUBLIC UTILITIES	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
American Tel. & Tel.	$ 500	7.125	12-01-03	$ 498,853	$ 498,850	7.150
American Tel. & Tel.	500	8.800	05-15-05	500,000	503,100	8.800
Carolina Tel. & Tel.	220	8.100	11-01-03	220,000	197,450	8.100
Central Tel.	276	8.000	07-01-94	276,474	239,430	7.979
Florida Power & Light	500	8.500	01-01-04	503,099	437,500	8.444
Indianapolis Power & Light	34	8.000	10-01-75	34,000	34,000	8.000
Kansas Nebraska Natural Gas	292	8.450	08-01-91	292,000	257,690	8.450
Kentucky Power	300	7.875	09-01-02	300,000	241,890	7.875
Michigan Bell Tel.	400	4.625	08-01-96	309,725	244,520	6.801
Minneapolis Gas	600	7.875	12-01-96	600,000	502,500	7.875
Montana Dakota Utilities	400	7.625	10-15-92	388,406	335,000	7.950
New England Tel.	300	6.375	09-01-08	300,900	223,290	6.349
New York Tel.	450	7.500	03-01-09	456,069	379,710	7.374
Northern Indiana Public Service	150	6.375	09-01-97	114,675	115,695	6.350
Northern Indiana Public Service	500	10.400	09-01-04	500,000	530,000	10.400
Northern Natural Gas	600	7.375	05-01-92	600,000	498,780	7.375
Ohio Bell Tel.	350	6.750	07-01-08	351,197	274,750	6.719
Ohio Edison	200	9.250	05-01-00	200,740	197,760	9.205
Pacific Tel. & Tel.	350	6.000	11-01-02	351,965	250,530	6.000
Pacific Tel. & Tel.	200	6.000	11-01-02	144,648	143,160	6.000
Pacific Tel. & Tel.	150	7.800	03-01-07	150,000	132,000	7.800
Southern New England Tel.	306	7.750	06-01-04	309,063	265,853	7.750
Southwestern Bell Tel.	450	8.250	09-01-05	454,808	421,650	8.139
Southwestern Bell Tel.	100	8.750	08-01-07	100,435	97,890	8.750
TOTAL	$ 11,678			$ 10,897,116	$ 9,502,358	
MORTGAGES	$ 697			$ 697,148	$ 697,148	
TOTAL INVESTMENTS	$ 33,213			$ 32,375,482	$ 29,912,872	

CAPITOL BUILDING FUND

GOVERNMENT OBLIGATIONS FEDERAL AGENCIES	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
Federal National Mortgage Assn.	$ 50	10.000	06-10-76	$ 50,101	$ 51,125	9.300
Federal National Mortgage Assn.	50	6.500	06-10-77	47,665	49,125	9.740
TOTAL INVESTMENTS	$ 100			$ 97,766	$ 100,250	

SHERIFF'S RETIREMENT FUND

GOVERNMENT OBLIGATIONS U.S. GOVERNMENT GUARANTEED	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
El Paso Columbia Tanker MM	$ 250	9.250	03-31-03	$ 250,000	$ 270,000	9.250
TOTAL	$ 250			$ 250,000	$ 270,000	
CORPORATE OBLIGATIONS INDUSTRIAL						
Halliburton	$ 100	9.250	04-01-00	$ 99,505	$ 102,750	9.250
3M Co.	100	8.850	04-01-05	100,000	101,000	8.850
TOTAL	$ 200			$ 199,505	$ 203,750	
PUBLIC UTILITIES						
Cincinnati Gas & Electric	$ 200	9.850	05-01-05	$ 200,000	$ 205,500	9.850
TOTAL	$ 200			$ 200,000	$ 205,500	
SHORT TERM INVESTMENT POOL	$ 375			$ 374,665	$ 374,665	
TOTAL INVESTMENTS	$ 1,025			$ 1,024,170	$ 1,053,915	

LIVESTOCK COMMISSION FUND

GOVERNMENT OBLIGATIONS	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
FEDERAL AGENCIES						
Federal Land Banks	$ 60	5.375	07-20-76	$ 59,944	$ 58,875	5.375
Federal Land Banks	30	5.125	04-20-78	29,517	27,975	5.125
Federal Land Banks	30	5.000	01-22-79	29,206	27,263	5.000
Federal Land Banks	30	5.000	01-22-79	28,676	27,263	5.000
TOTAL	$ 150			$ 147,343	$ 141,376	
SHORT TERM INVESTMENT POOL	$ 172			$ 172,115	$ 172,115	
TOTAL INVESTMENTS	$ 322			$ 319,458	$ 313,491	

LIVESTOCK BOARD EMERGENCY FUND

GOVERNMENT OBLIGATIONS	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
U.S. TREASURY						
U.S. Treasury Notes	$ 5	8.000	02-15-77	$ 5,000	$ 5,063	8.000
U.S. Treasury Bonds	25	4.000	02-15-80	25,080	21,625	4.000
U.S. Treasury Bonds	4	4.000	02-15-80	3,990	3,460	4.000
U.S. Treasury Bonds	40	3.250	06-15-83	40,000	32,000	3.250
TOTAL	$ 74			$ 74,070	$ 62,148	
FEDERAL AGENCIES						
Federal Land Banks	$ 2	5.375	07-20-76	$ 1,993	$ 1,963	5.375
Federal Land Banks	2	5.375	07-20-76	1,998	1,963	5.375
Federal Land Banks	19	5.000	01-22-79	18,982	17,266	5.000
TOTAL	$ 23			$ 22,973	$ 21,192	
SHORT TERM INVESTMENT POOL	$ 35			$ 35,367	$ 35,367	
TOTAL INVESTMENTS	$ 132			$ 132,410	$ 118,707	

WATER WELL FUND

GOVERNMENT OBLIGATIONS	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
U.S. TREASURY						
U.S. Treasury Notes	$ 8	7.750	08-15-77	$ 8,000	$ 8,075	7.750
TOTAL INVESTMENTS	$ 8			$ 8,000	$ 8,075	

COSMETOLOGY BOARD FUND

	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
GOVERNMENT OBLIGATIONS						
FEDERAL AGENCIES						
Federal Land Banks	$ 5	5.125	04-20-78	$ 4,894	$ 4,663	5.125
TOTAL INVESTMENTS	$ 5			$ 4,894	$ 4,663	

NORTHERN MONTANA COLLEGE 1960 SERIES B RESERVE FUND

	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
GOVERNMENT OBLIGATIONS						
FEDERAL AGENCIES						
Federal Land Banks	$ 10	5.375	07-20-76	$ 9,982	$ 9,813	5.375
Federal Land Banks	14	5.000	01-22-79	13,870	12,723	5.000
TOTAL INVESTMENTS	$ 24			$ 23,852	$ 22,536	

UNIVERSITY OF MONTANA FIELD HOUSE FUND

	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
CERTIFICATES OF DEPOSIT						
First State Bank—Froid	$ 8	6.500	03-12-76	$ 8,000	$ 8,000	6.500
TOTAL	$ 8			$ 8,000	$ 8,000	
GOVERNMENT OBLIGATIONS						
U.S. TREASURY						
U.S. Treasury Bills	$ 50	0.000	03-09-76	$ 47,210	$ 47,210	5.550
U.S. Treasury Notes	46	6.250	02-15-78	46,000	44,879	6.250
U.S. Treasury Bonds	7	4.000	02-15-80	6,167	6,055	4.000
U.S. Treasury Bonds	4	4.000	02-15-80	3,292	3,460	4.000
U.S. Treasury Bonds	4	3.250	06-15-83	3,808	3,200	3.250
TOTAL	$ 111			$ 106,477	$ 104,804	
TOTAL INVESTMENTS	$ 119			$ 114,477	$ 112,804	

VOLUNTEER FIREMANS' FUND

GOVERNMENT OBLIGATIONS	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
U.S. TREASURY						
U.S. Treasury Notes	$ 65	6.250	08-15-79	$ 65,000	$ 62,075	6.250
U.S. Treasury Bonds	35	3.500	11-15-80	34,539	29,267	3.854
U.S. Treasury Bonds	50	3.500	11-15-80	49,082	41,810	3.990
U.S. Treasury Bonds	30	3.500	11-15-98	30,000	24,075	3.500
TOTAL	$ 180			$ 178,621	$ 157,227	
CORPORATE OBLIGATIONS						
COMMERCIAL PAPER						
Travelers	$ 100	0.000	07-01-75	$ 99,635	$ 99,635	5.250
TOTAL	$ 100			$ 99,635	$ 99,635	
FINANCIAL						
Chrysler Financial	$ 65	7.000	08-15-79	$ 64,856	$ 48,425	7.060
Sears & Roebuck Acceptance	200	8.375	12-31-86	199,614	205,500	8.375
TOTAL	$ 265			$ 264,470	$ 253,925	
INDUSTRIAL						
Owens Illinois	$ 150	9.350	11-01-99	$ 150,000	$ 152,250	9.350
TOTAL	$ 150			$ 150,000	$ 152,250	
TRANSPORTATION						
Southern Railway	$ 100	7.000	01-15-81	$ 100,000	$ 94,100	7.000
TOTAL	$ 100			$ 100,000	$ 94,100	
PUBLIC UTILITIES						
Central Tel.-Florida	$ 50	7.650	02-01-97	$ 50,000	$ 41,065	7.650
Indianapolis Power & Light	91	8.000	10-01-75	91,009	91,000	7.946
Northern States Power	100	7.375	03-01-02	100,267	84,380	7.349
Public Service Electric & Gas	75	7.750	08-15-96	75,000	56,910	7.750
Wisconsin Tel.	240	7.250	02-01-07	242,714	200,400	7.149
TOTAL	$ 556			$ 558,990	$ 473,755	
SHORT TERM INVESTMENT POOL	$ 9			$ 9,087	$ 9,087	
TOTAL INVESTMENTS	$ 1,360			$ 1,360,803	$ 1,239,979	

UNIVERSITY OF MONTANA POOL FUND

	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
GOVERNMENT OBLIGATIONS						
U.S. TREASURY						
U.S. Treasury Bills	$ 15	0.000	03-09-76	$ 14,163	$ 14,163	5.550
U.S. Treasury Bonds	2	4.000	02-15-80	1,911	1,730	4.000
U.S. Treasury Bonds	1	4.000	02-15-80	940	865	4.000
U.S. Treasury Bonds	2	3.250	06-15-83	1,904	1,600	3.250
TOTAL INVESTMENTS	$ 20			$ 18,918	$ 18,358	

NORTHERN MONTANA COLLEGE HOUSING & DINING FUND

	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
GOVERNMENT OBLIGATIONS						
U.S. TREASURY						
U.S. Treasury Bills	$ 105	0.000	08-28-75	$ 102,017	$ 102,017	5.650
TOTAL INVESTMENTS	$ 105			$ 102,017	$ 102,017	

MONTANA STATE UNIVERSITY STUDENT HOUSING FUND

	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
GOVERNMENT OBLIGATIONS						
U.S. TREASURY						
U.S. Treasury Bills	$ 110	0.000	07-01-75	$ 109,358	$ 109,358	5.000
U.S. Treasury Bills	163	0.000	08-14-75	161,653	161,653	4.800
TOTAL INVESTMENTS	$ 273			$ 271,011	$ 271,011	

MONTANA STATE UNIVERSITY
PHYSICAL EDUCATION FUND

	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
GOVERNMENT OBLIGATIONS						
U.S. TREASURY						
U.S. Treasury Bills	$ 12	0.000	08-14-75	$ 11,901	$ 11,901	4.800
U.S. Treasury Notes	130	5.750	05-15-76	130,000	128,822	5.750
TOTAL INVESTMENTS	$ 142			$ 141,901	$ 140,723	

LONG RANGE BUILDING SINKING FUND

	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
CERTIFICATES OF DEPOSIT						
Midland National Bank—Billings	$ 272	8.250	12-10-75	$ 272,000	$ 272,000	8.250
Northwestern Bank—Great Falls	200	9.750	09-12-75	200,000	200,000	9.750
TOTAL	$ 472			$ 472,000	$ 472,000	
GOVERNMENT OBLIGATIONS						
U.S. TREASURY						
U.S. Treasury Notes	$ 1,000	6.000	11-15-78	$ 1,000,000	$ 957,500	6.000
TOTAL	$ 1,000			$ 1,000,000	$ 957,500	
FEDERAL AGENCIES						
Federal Home Loan Corp.	$ 500	7.050	08-25-76	$ 500,000	$ 480,000	7.050
Federal Intermediate Credit Banks	1,500	8.700	04-04-77	1,500,000	1,530,000	8.700
Federal National Mortgage Assn.	125	7.500	09-10-76	125,000	125,625	7.500
TOTAL	$ 2,125			$ 2,125,000	$ 2,135,625	
TOTAL INVESTMENTS	$ 3,597			$ 3,597,000	$ 3,565,125	

LONG RANGE BUILDING FUND

	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
GOVERNMENT OBLIGATIONS						
U.S. TREASURY						
U.S. Treasury Notes	$ 500	6.000	11-15-78	$ 499,586	$ 478,750	6.031
TOTAL	$ 500			$ 499,586	$ 478,750	
FEDERAL AGENCIES						
Federal Land Banks	$ 600	5.375	07-20-76	$ 596,152	$ 588,750	6.079
TOTAL	$ 600			$ 596,152	$ 588,750	
SHORT TERM INVESTMENT POOL	$ 7,200			$ 7,228,340	$ 7,228,340	
TOTAL INVESTMENTS	$ 8,300			$ 8,324,078	$ 8,295,840	

DIXON ENDOWMENT FUND

	SHARES	DIVIDEND	COST	MARKET VALUE	YIELD
PREFERRED STOCK					
Montana Power No. 6 Series Shares	640	6.000	$ -0-	$ 39,456	6.000
TOTAL INVESTMENTS			$ -0-	$ 39,456	

GAME WARDENS' RETIREMENT FUND

	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
GOVERNMENT OBLIGATIONS						
FEDERAL AGENCIES						
Federal National Mortgage Assn.	$ 25	5.200	01-19-82	$ 25,000	$ 21,155	5.200
TOTAL	$ 25			$ 25,000	$ 21,155	
CANADIAN OBLIGATIONS						
Nova Scotia Power	$ 125	8.125	07-15-98	$ 124,689	$ 107,813	8.150
TOTAL	$ 125			$ 124,689	$ 107,813	
CORPORATE OBLIGATIONS						
FINANCIAL						
Chrysler Financial	$ 10	7.000	08-15-79	$ 9,978	$ 7,450	7.060
Commercial Credit	40	7.750	02-15-92	39,661	31,428	7.851
Ford Motor Credit	20	7.250	05-01-79	20,077	19,426	7.150
International Harvester Credit	40	7.500	01-15-94	39,823	31,636	7.550
Northwest Bancorporation	20	7.750	03-15-03	20,000	17,200	7.750
TOTAL	$ 130			$ 129,539	$ 107,140	
INDUSTRIAL						
Atlantic Richfield	$ 25	7.750	12-15-03	$ 25,000	$ 22,753	7.750
Cummins Engine	20	7.400	04-01-97	20,000	17,400	7.400
3M Co.	100	8.850	04-01-05	100,000	102,000	8.850
RCA	25	10.200	08-15-92	25,000	25,625	10.200
TOTAL	$ 170			$ 170,000	$ 167,778	
TRANSPORTATION						
Denver Rio Grande	$ 35	7.250	11-01-82	$ 35,272	$ 35,298	7.100
Natural Gas Pipeline—America	25	8.350	09-01-93	25,000	21,185	8.350
TOTAL	$ 60			$ 60,272	$ 56,483	
PUBLIC UTILITIES						
American Tel & Tel	$ 140	4.375	05-01-99	$ 140,485	$ 82,334	4.347
American Tel & Tel	10	4.375	05-01-99	10,020	5,881	4.360
American Tel & Tel	20	8.750	05-15-00	19,581	20,250	8.980
Carolina Tel & Tel	25	8.100	11-01-03	25,000	22,438	8.100
Chesapeake Potomac Tel—Maryland	20	6.625	10-01-08	20,061	15,500	6.599
Detroit Edison	50	7.375	11-15-01	49,334	34,000	7.501
Detroit Edison	30	9.875	05-01-04	29,783	25,350	9.950
Duquesne Light	20	7.000	01-01-99	19,915	15,721	7.000
General Tel—California	20	4.500	03-01-95	20,000	11,450	4.500
General Tel—Northwest	50	7.875	05-01-02	50,394	41,375	7.798

GAME WARDENS' RETIREMENT FUND

	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
PUBLIC UTILITIES						
Kansas City Power & Light	$ 25	5.750	05-15-97	$ 25,076	$ 17,750	5.723
Montana Power	10	2.875	10-01-75	9,941	9,888	5.680
Montana Power	30	8.625	03-01-04	30,077	28,464	8.600
Mountain States Tel & Tel	50	5.000	04-01-00	51,686	31,500	4.749
Mountain States Tel & Tel	25	6.000	08-01-07	25,000	17,813	5.950
Mountain States Tel & Tel	25	7.750	06-01-13	25,000	22,125	7.750
Ohio Bell Tel	45	6.750	07-01-08	45,202	35,325	6.713
Pacific Northwest Bell Tel	25	6.750	12-01-07	25,309	19,625	6.649
Pacific Northwest Bell Tel	40	8.625	10-01-10	42,193	37,792	8.115
Potomac Electric Power	50	5.875	05-01-02	41,300	33,500	7.500
Public Service—Colorado	25	5.375	05-01-96	25,000	16,938	5.375
Southern Bell Tel.	25	4.375	08-01-03	24,950	13,813	4.388
Southwestern Bell Tel	15	6.750	06-01-08	15,553	11,814	6.459
Southwestern Bell Tel	20	8.250	09-01-05	20,448	18,740	8.036
TOTAL	$ 795			$ 791,308	$ 589,386	
MORTGAGES	$ 142			$ 141,884	$ 141,884	
SHORT TERM INVESTMENT POOL	$ 114			$ 113,883	$ 113,883	
TOTAL INVESTMENTS	$ 1,561			$ 1,556,575	$ 1,305,522	

SOCIAL SECURITY FUND

	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
GOVERNMENT OBLIGATIONS						
FEDERAL AGENCIES						
Federal Land Banks	$ 100	5.375	07-20-76	$ 99,429	$ 98,125	5.800
Federal Land Banks	300	5.375	07-20-76	298,919	294,375	5.375
TOTAL	$ 400			$ 398,348	$ 392,500	
CORPORATE OBLIGATIONS						
BANKERS' ACCEPTANCES						
First National City Bank—Los Angeles	$ 3,000	0.000	08-15-75	$ 2,960,688	$ 2,960,688	5.550
Northwestern National Bank—Minneapolis	2,000	0.000	08-12-75	1,971,569	1,971,569	5.750
TOTAL	$ 5,000			$ 4,932,257	$ 4,932,257	
COMMERCIAL PAPER						
First Bank Systems	$ 1,000	0.000	08-15-75	$ 990,781	$ 990,781	5.625
Goodyear Finance	500	0.000	08-15-75	495,670	495,670	5.375
Gulf Oil Financial	700	0.000	08-15-75	694,288	694,288	5.875
TOTAL	$ 2,200			$ 2,180,739	$ 2,180,739	
PUBLIC UTILITIES						
General Tel.—Kentucky	$ 500	7.750	10-01-01	$ 497,266	$ 402,500	7.804
TOTAL	$ 500			$ 497,266	$ 402,500	
TOTAL INVESTMENTS	$ 8,100			$ 8,008,610	$ 7,907,996	

MONTANA JUDGES' RETIREMENT FUND

CORPORATE OBLIGATIONS	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
FINANCIAL						
Commercial Credit	$ 25	7.750	02-15-92	$ 24,788	$ 19,643	7.851
Ford Motor Credit	25	7.250	05-01-79	25,096	24,283	7.150
Northwest Bancorporation	60	7.750	03-15-03	60,000	51,600	7.750
TOTAL	$ 110			$ 109,884	$ 95,526	
INDUSTRIAL						
Atlantic Richfield	$ 25	7.750	12-15-03	$ 25,000	$ 22,753	7.750
Cummins Engine	40	7.400	04-01-97	40,000	34,800	7.400
3M Co.	100	8.850	04-01-05	100,000	102,000	8.850
RCA	25	10.200	08-15-92	25,000	25,625	10.200
TOTAL	$ 190			$ 190,000	$ 185,178	
TRANSPORTATION						
Denver Rio Grande	$ 30	7.250	11-01-82	$ 30,233	$ 30,233	7.100
Lakehead Pipeline	15	7.600	06-15-97	15,000	11,768	7.600
TOTAL	$ 45			$ 45,233	$ 42,001	
PUBLIC UTILITIES						
American Tel. & Tel.	$ 25	8.750	05-15-00	$ 24,474	$ 25,313	8.980
Carolina Tel. & Tel.	25	8.100	11-01-03	25,000	22,438	8.100
Chesapeake Potomac Tel.—Maryland	30	6.625	10-01-08	30,093	23,250	6.599
Connecticut Light & Power	35	6.500	01-01-98	35,000	24,850	6.500
Detroit Edison	50	7.375	11-15-01	49,340	34,000	7.501
Detroit Edison	30	9.875	05-01-04	29,783	25,350	9.950
Duquesne Light	35	7.000	01-01-99	34,852	27,521	7.040
Hawaiian Electric	50	8.350	12-01-03	50,000	41,375	8.350
Montana Power	25	8.625	03-01-04	25,064	23,720	8.600
Mountain States Tel. & Tel.	100	6.000	08-01-07	100,000	71,250	6.000
Mountain States Tel. & Tel.	90	6.000	08-01-07	90,000	64,125	5.950
Mountain States Tel. & Tel.	20	7.750	06-01-13	20,000	17,700	7.750
Northwestern Bell Tel.	15	7.000	01-01-09	15,000	12,095	7.000
Ohio Bell Tel.	38	6.750	07-01-08	38,170	29,830	6.713
Pacific Northwest Bell Tel.	35	6.750	12-01-07	35,736	27,475	6.580
United Tel.—Ohio	30	7.600	08-01-02	30,000	24,300	7.600
TOTAL	$ 633			$ 632,512	$ 494,592	
MORTGAGES	$ 185			$ 184,935	$ 184,935	
SHORT TERM INVESTMENT POOL	$ 82			$ 82,283	$ 82,283	
TOTAL INVESTMENTS	$ 1,245			$ 1,244,847	$ 1,084,515	

HAIL INSURANCE FUND

GOVERNMENT OBLIGATIONS	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
FEDERAL AGENCIES						
Federal Land Banks	$ 450	5.375	07-20-76	$ 450,000	$ 442,125	5.375
Federal Land Banks	200	6.350	10-20-77	200,048	195,500	6.350
TOTAL	$ 650			$ 650,048	$ 637,625	
CORPORATE OBLIGATIONS						
INDUSTRIAL						
Firestone Tire & Rubber	$ 350	7.300	10-15-01	$ 350,000	$ 302,820	7.300
TOTAL	$ 350			$ 350,000	$ 302,820	
SHORT TERM INVESTMENT POOL	$ 974			$ 973,603	$ 973,603	
TOTAL INVESTMENTS	$ 1,974			$ 1,973,651	$ 1,914,048	

OCCUPATIONAL DISEASE FUND

CORPORATE OBLIGATIONS	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
FINANCIAL						
Chrysler Financial	$ 25	7.000	08-15-79	$ 24,945	$ 21,563	7.060
TOTAL	$ 25			$ 24,945	$ 21,563	
PUBLIC UTILITIES						
Public Service Electric & Gas	$ 9	7.750	08-15-96	$ 9,000	$ 7,650	7.750
Southern Natural Gas	50	6.875	04-01-79	49,889	47,275	6.952
TOTAL	$ 59			$ 58,889	$ 54,925	
TOTAL INVESTMENTS	$ 84			$ 83,834	$ 76,488	

SUBSEQUENT INJURY FUND

	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
GOVERNMENT OBLIGATIONS						
U.S. TREASURY						
U.S. Treasury Notes	$ 27	6.250	08-15-79	$ 27,000	$ 25,718	6.250
U.S. Treasury Notes	8	6.250	08-15-79	8,040	7,620	6.100
TOTAL	$ 35			$ 35,040	$ 33,338	
CORPORATE OBLIGATIONS						
FINANCIAL						
Sears Roebuck Acceptance	$ 375	8.375	12-31-86	$ 374,277	$ 376,875	8.375
TOTAL	$ 375			$ 374,277	$ 376,875	
INDUSTRIAL						
Owens Illinois	$ 100	9.350	11-01-99	$ 100,000	$ 101,500	9.350
TOTAL	$ 100			$ 100,000	$ 101,500	
PUBLIC UTILITIES						
Public Service Electric & Gas	$ 6	7.750	08-15-96	$ 6,000	$ 5,097	7.750
TOTAL	$ 6			$ 6,000	$ 5,097	
SHORT TERM INVESTMENT POOL	$ 43			$ 43,482	$ 43,482	
TOTAL INVESTMENTS	$ 559			$ 558,799	$ 560,292	

HIGHWAY PATROL RETIREMENT FUND

GOVERNMENT OBLIGATIONS	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
U.S. TREASURY						
U.S. Treasury Notes	$ 310	7.500	08-15-76	$ 310,000	$ 311,922	7.500
U.S. Treasury Notes	28	6.250	08-15-79	28,000	26,740	6.250
TOTAL	$ 338			$ 338,000	$ 338,662	
FEDERAL AGENCIES						
Farmers Home Administration	$ 54	8.750	02-24-95	$ 53,871	$ 54,470	8.750
TOTAL	$ 54			$ 53,871	$ 54,470	
CORPORATE OBLIGATIONS						
FINANCIAL						
First Bank System	$ 100	6.750	09-15-79	$ 100,000	$ 90,380	6.750
International Harvester Credit	100	7.500	01-15-94	99,558	79,090	7.550
Northwest Bancorporation	45	7.750	03-15-03	45,000	38,700	7.750
TOTAL	$ 245			$ 244,558	$ 208,170	
INDUSTRIAL						
Atlantic Richfield	$ 35	7.750	12-15-03	$ 35,000	$ 31,854	7.750
Cummins Engine	125	7.400	04-01-97	125,000	108,750	7.400
3M Co.	200	8.850	04-01-05	200,000	204,000	8.850
RCA	25	10.200	08-15-92	25,000	25,625	10.200
Sherwin Williams	120	9.450	12-01-99	120,000	120,756	9.450
TOTAL	$ 505			$ 505,000	$ 490,985	
TRANSPORTATION						
Denver Rio Grande	$ 35	7.250	11-01-82	$ 35,272	$ 35,000	7.100
Lakehead Pipeline	35	7.600	06-15-97	35,000	27,300	7.600
Natural Gas Pipeline—America	40	8.350	09-01-93	40,000	35,000	8.350
Southern Railway	200	7.000	01-15-81	200,000	200,000	7.000
TOTAL	$ 310			$ 310,272	$ 297,300	
PUBLIC UTILITIES						
Alabama Power	$ 40	7.875	04-01-02	$ 40,742	$ 31,300	7.700
American Tel & Tel	25	8.700	12-01-02	25,000	25,000	8.700
American Tel & Tel	20	7.000	02-15-01	19,871	16,850	7.060
Baltimore Gas & Electric	20	6.125	08-01-97	18,436	14,550	6.939
California Electric Power	100	5.125	05-01-90	82,637	69,380	7.214
Carolina Tel & Tel	50	8.100	11-01-03	50,000	44,875	8.100
Chesapeake Potomac Tel—Maryland	15	6.625	10-01-08	15,044	11,625	6.599
Detroit Edison	10	8.125	06-15-01	9,956	7,375	8.170

HIGHWAY PATROL RETIREMENT FUND

PUBLIC UTILITIES	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
Detroit Edison	$ 40	9.875	05-01-04	$ 39,711	$ 33,800	9.950
General Tel—Northwest	40	7.875	05-01-02	40,315	33,100	7.798
Hartford Electric	50	5.625	04-01-97	41,817	30,625	7.248
Kansas City Power & Light	17	9.125	06-01-00	16,894	16,640	9.199
Metropolitan Edison	200	5.750	06-01-96	166,014	127,260	7.508
Michigan Bell Tel	100	6.375	02-01-05	100,627	75,380	6.319
Michigan Bell Tel	10	7.750	06-01-11	9,993	8,800	7.800
Montana Power	45	8.625	03-01-04	45,115	42,696	8.600
Mountain States Tel & Tel	50	7.750	06-01-13	50,000	44,250	7.750
Northern States Power	100	7.375	03-01-02	100,270	84,380	7.349
Northwestern Bell Tel	30	7.000	01-01-09	30,189	24,189	6.944
Pacific Northwest Bell Tel	28	7.750	08-01-09	28,000	24,850	7.750
Pacific Tel & Tel	65	6.500	07-01-03	65,783	49,647	6.391
Potomac Electric Power	50	5.875	05-01-02	41,300	33,500	7.500
Public Service—New Hampshire	125	7.125	11-01-98	118,984	90,625	7.600
Public Service Electric & Gas	80	7.750	08-15-96	80,000	60,704	7.750
Public Service Electric & Gas	30	7.750	08-15-96	30,292	22,764	7.647
United Tel—Ohio	15	7.600	08-01-02	15,000	12,150	7.600
Wisconsin Public Service	45	8.250	05-01-01	45,215	38,700	8.199
TOTAL	$ 1,400			$ 1,327,205	$ 1,075,015	
SHORT TERM INVESTMENT POOL	$ 183			$ 182,870	$ 182,870	
TOTAL INVESTMENTS	$ 3,035			$ 2,961,776	$ 2,647,472	

TEACHERS' RETIREMENT FULLAM FUND

	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD*
CORPORATE OBLIGATIONS						
FINANCIAL						
AVCO Financial CV	$ 1,800	5.500	11-30-93	$ -0-	$ 810	6.631
TOTAL	$ 1,800			$ -0-	$ 810	
COMMON STOCK	**SHARES**	**DIVIDEND**				
American Express	105	.80		$ -0-	$ 4,515	1.860
Bank of America	62	1.48		-0-	2,775	3.310
Iowa Public Service	63	1.52		-0-	1,063	9.010
Mississippi Valley Gas	45	1.20		-0-	596	9.060
Montana Power	75	1.80		-0-	2,044	6.600
George Putnam Fund	6	0.48		-0-	72	4.000
Southern California Edison	117	1.68		-0-	2,428	8.100
Southern Union Gas	78	1.60		-0-	2,360	5.290
Technology Fund	19	0.12		-0-	116	1.970
U.S. Steel	37	2.80		-0-	2,266	4.570
TOTAL				$ -0-	$ 18,235	
SHORT TERM INVESTMENT POOL	$ 1,013			$ 1,013	$ 1,013	
TOTAL INVESTMENTS	$ 2,813			$ 1,013	$ 20,058	

*Market Yield

TRUST CONTRACTORS' LICENSE REFUND

	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
GOVERNMENT OBLIGATIONS						
U.S. TREASURY						
U.S. Treasury Bills	$ 1,475	0.000	02-10-76	$ 1,396,745	$ 1,396,745	5.350
U.S. Treasury Bills	1,500	0.000	04-06-76	1,401,536	1,401,536	6.510
TOTAL INVESTMENTS	$ 2,975			$ 2,798,281	$ 2,798,281	

RESOURCE INDEMNITY FUND

	PAR VALUE (000)	INTEREST RATE	MATURITY DATE	COST	MARKET VALUE	YIELD
GOVERNMENT OBLIGATIONS						
FEDERAL AGENCIES						
Federal National Mortgage Assn.	$ 250	9.700	09-10-81	$ 250,000	$ 267,188	9.700
TOTAL	$ 250			$ 250,000	$ 267,188	
CANADIAN OBLIGATIONS						
Quebec Hydro Electric	$ 100	10.250	01-15-05	$ 100,000	$ 103,000	10.250
TOTAL	$ 100			$ 100,000	$ 103,000	
CORPORATE OBLIGATIONS						
FINANCIAL						
General Electric Credit	$ 500	8.875	06-01-82	$ 500,000	$ 507,500	8.875
General Motors Acceptance	350	8.875	06-01-99	348,743	346,500	8.910
Manufacturers Hanover	500	8.375	12-01-82	500,000	497,500	8.375
TOTAL	$ 1,350			$ 1,348,743	$ 1,351,500	
INDUSTRIAL						
Ingersoll Rand	$ 200	8.750	05-01-85	$ 199,410	$ 203,000	8.790
Sybron Corp.	500	9.125	05-01-85	500,000	505,000	9.125
TOTAL	$ 700			$ 699,410	$ 708,000	
PUBLIC UTILITIES						
Northern Natural Gas	$ 500	9.000	05-01-85	$ 497,532	$ 508,750	9.074
TOTAL	$ 500			$ 497,532	$ 508,750	
SHORT TERM INVESTMENT POOL	$ 384			$ 383,976	$ 383,976	
TOTAL INVESTMENTS	$ 3,284			$ 3,279,661	$ 3,322,414	

SHORT TERM INVESTMENT POOL*

	PAR VALUE	COST	MARKET VALUE
Common School Interest & Income Fund	$ 5,378,438	$ 5,378,438	$ 5,378,438
Federal Revenue Sharing—Capitol Const. Fund	$ 4,189,963	$ 4,189,963	$ 4,189,963
Land & Resource Development Fund	$ 581,176	$ 581,176	$ 581,176
Experiment Station Fund	$ 550,600	$ 550,600	$ 550,600
U.M. Building Fund	$ 102,317	$ 102,317	$ 102,317
Wheat Research Fund	$ 75,732	$ 75,732	$ 75,732
Oil & Gas Fund	$ 47,957	$ 47,957	47,957
Experiment Station—Fertilizer Fund	$ 29,356	$ 29,356	$ 29,356
North Montana Branch Station Fund	$ 21,257	$ 21,257	$ 21,257
Board of Certification Fund	$ 14,086	$ 14,086	$ 14,086
Experiment Station—Agriculture Fund	$ 4,044	$ 4,044	$ 4,044
Sanitarians' Registration Fund	$ 2,015	$ 2,015	$ 2,015

*Funds which have their total resources invested in STIP

SCHEDULE A
SOURCE OF INVESTMENTS

Other Retirement Funds:		73-74		74-75
Highway Patrol Retirement Fund	$	2,467,249	$	2,961,776
Game Wardens' Retirement Fund		1,367,292		1,556,575
Montana Judges' Retirement Fund		1,072,063		1,244,847
Sheriffs' Retirement Fund		—0—		1,024,170
TOTAL	$	4,906,604	$	6,787,368

Various University Funds:		73-74		74-75
Experiment Station Fund	$	768,220	$	550,600
M.S.U. Student Housing Fund		739,216		271,011
M.S.U. Phys. Ed. Fund		130,000		141,901
U.M. Field Fund		112,024		114,477
U.M. Building Fund		96,181		102,317
N.M.C. Housing & Dining Fund		77,359		102,017
Experiment Station-Fertilizer Fund		31,414		29,356
N.M.C Series B Fund		23,799		23,852
North Montana Branch Station Fund		19,255		21,257
U.M. Pool Fund		21,416		18,918
Experiment Station-Agriculture Fund		—0—		4,044
M.S.U. Student Building Fee Fund		209,916		—0—
U.M. Fire Reimbursement Fund		24,693		—0—
TOTAL	$	2,253,493	$	1,379,750

Livestock Funds:		73-74		74-75
Livestock Commission Fund	$	322,163	$	319,458
Livestock Board Emergency Fund		127,265		132,410
TOTAL	$	449,428	$	451,868

Other Funds:		73-74		74-75
Resource Indemnity Fund	$	1,098,143	$	3,279,661
Trust Contractors' License Refund		1,394,493		2,798,281
Land Resource Development Fund		387,248		581,176
Subsequent Injury Fund		73,408		558,799
Capitol Building Fund		—0—		97,766
Occupational Disease Fund		90,859		83,834
Wheat Research Fund		145,554		75,732
Oil & Gas Fund		46,248		47,957
Board of Certification Fund		8,090		14,086
Water Well Fund		8,000		8,000
Cosmetology Board Fund		4,856		4,894
Sanitarians' Registration Fund		2,015		2,015
T.R.S. Fullam Fund		—0—		1,013
TOTAL	$	3,258,914	$	7,553,214

Other STIP:		73-74		74-75
Montana State University	$	4,675,508	$	4,349,844
University of Montana		—0—		1,547,261
City of Helena		—0—		1,426,707
Eastern Montana College		40,495		1,087,962
Town of Chester		—0—		606,091
Missoula County Treasurer		—0—		486,647
Great Falls Fire Dept. Relief Assoc.		—0—		365,724
Missoula Fire Dept. Relief Assoc.		—0—		305,589
College of Mineral Science & Technology		269,473		305,063
City of Missoula		—0—		302,334
Billings Fire Dept. Relief Assoc.		—0—		214,415
City of Great Falls		532,501		209,823
City of Lewistown		—0—		188,276
Kalispell Fire Dept. Relief Assoc.		—0—		181,621
Northern Montana College		117,442		146,838
Lewistown Police Officers Ret. Fund		—0—		111,929
Helena Fire Dept. Relief Assoc.		—0—		97,323
Lake County Treasurer		—0—		85,906
Helena Police Officers' Ret. Fund		—0—		72,306
Donable Property		—0—		72,279
City of Scobey		—0—		71,911
Sanders County Treasurer		—0—		59,978
Butte Fire Dept. Relief Assoc.		—0—		54,653
Anaconda Fire Dept. Relief Assoc.		—0—		44,884
Havre Fire Dept. Relief Assoc.		—0—		35,703
Livingston Fire Dept. Relief Assoc.		—0—		30,476
Mineral County Treasurer		—0—		30,368
Meagher County Treasurer		29,410		29,410
Broadwater County Treasurer		—0—		29,079
Liberty County Treasurer		—0—		19,209
Glendive Fire Dept. Relief Assoc.		—0—		16,122
TOTAL	$	5,664,829	$	12,585,731

SCHEDULE B
TYPE OF INVESTMENTS

OTHER	**1973-1974**	**1974-1975**
PERS:		
ESC Building Revenue Bond	$ 1,324,930	$ 1,254,655
Building & Land	—0—	153,011
TRS:		
Building & Land	—0—	174,050
Workmens' Compensation:		
U.C.C. Bonds	137,000	97,000
TOTAL	$ 1,461,930	$ 1,678,716

SCHEDULE C
INVESTMENT INCOME 1974-75 FISCAL YEAR

	CASH	CURRENT AMORTIZATION	STIP	DEFERRED LOSSES	74-75 INCOME
Treasurer's Fund	$ 4,735,229	$ (2,675)	$ 7,402,795	$	$ 12,135,349
Public Employees' Retirement System Fund	7,525,292	86,850		(18,501)	7,593,641
Teachers' Retirement System Fund	6,558,171	162,766		(18,653)	6,702,284
Trust & Legacy Fund	3,859,334	582,882		(729,929)	3,712,287
Workmens' Compensation Fund	2,113,346	47,128		(54,683)	2,105,791
Common School Interest & Income Fund	409,787		461,433		871,220
Long Range Building Fund	202,739	3,777	579,287		785,803
Social Security Fund	602,577	1,673			604,250

(continued next page)

SCHEDULE C (continued)

	CASH	CURRENT AMORTIZATION	STIP	DEFERRED LOSSES	74-75 INCOME
Federal Revenue Sharing-Capitol Const. Fund	110,166		382,556		492,722
Long Range Building Sinking Fund	260,681				260,681
Highway Patrol Retirement Fund	186,116	3,699	8,015	(5,029)	192,801
Hail Insurance Fund	79,768	(21)	40,145		119,892
Trust Contractors' License Refund	105,294				105,294
Game Wardens' Retirement Fund	92,608	549	8,511	(586)	101,082
Resource Indemnity Fund	93,413	95	2,618		96,126
Volunteer Fireman's Fund	88,774	173	831	(137)	89,641
Experiment Station Fund			85,019		85,019
Montana Judges' Retirement Fund	77,113	268	5,607		82,988
Land & Resource Development Fund			37,836		37,836
M.S.U. Student Housing Fund	24,985	1,288			26,273
Livestock Commission Fund	10,036	960	13,836		24,832
Wheat Research Fund			13,574		13,574
Capitol Building Fund	10,071	922			10,993
U.M. Building Fund	2,862		7,081		9,943
Subsequent Injury Fund	7,010	17	2,601	21	9,649
Sheriffs' Retirement Fund		5	8,685		8,690
Federal Revenue Sharing Fund	8,172				8,172
M.S.U. Phys. Ed. Fund	7,854				7,854
U.M. Field House Fund	7,698	141			7,839
Oil & Gas Fund	3,746		3,303		7,049
N.M.C. Armory—Gym Fund	7,008				7,008
Livestock Board—Emergency Fund	4,126	5	2,734		6,865
Occupational Disease Fund	5,873	43	702		6,618
M.S.U. Student Building Fee Fund	4,331				4,331
Dixon Endowment Fund	3,840				3,840
Experiment Station—Fertilizer Fund			3,228		3,228
N.M.C. Housing & Dining Fund	2,630				2,630
North Montana Branch Station Fund			1,927		1,927
Experiment Station—Agriculture Fund			1,638		1,638
U.M. Pool Fund	1,478	44			1,522
M.S.U. Co-op Extension Service—Fund			1,435		1,435
N.M.C. Series B Reserve Fund	1,235	54			1,289
Board of Certification Fund			1,183		1,183
T.R.S.—Fullam Fund	958	11	3		972
U.M. Fire Reimbursement Fund	642				642
Water Well Fund	619				619
Cosmetology Board Fund	255	38			293
Sanitarians' Registration Fund			185		185
Other STIP			762,512		762,512
TOTAL	$ 27,215,837	$ 890,692	$ 9,839,280	$ (827,497)	$ 37,118,312

SCHEDULE D
SUMMARY OF BOND SWAPS
Deferral Method

DESCRIPTION	PAR SOLD	PAR ACQUIRED	REALIZED GAIN(or)LOSS	DEFERRED GAIN(or)LOSS
Trust & Legacy Fund	$ 16,311,584	$ 16,311,584	$ (2,541,157)	$ (222,565)
Public Employees' Retirement System Fund	1,500,000	1,500,000	(255,751)	(6,567)
Workmens' Compensation Fund	850,000	850,000	(79,933)	(1,723)
Teachers' Retirement System Fund	800,000	800,000	(71,754)	(2,212)
TOTAL	$ 19,461,584	$ 19,461,584	$ (2,948,595) (2)	$ (233,067) (1)

(1) Based on the deferral method of accounting for gains and losses on bond swaps.

(2) If the completed transaction method were used for gains and losses on bond swaps.

FINANCIAL NOTES

BASIS OF ACCOUNTING

The financial statements have been prepared on the cash basis of accounting, modified for the amortization of premiums and discounts, the deferral of gains or losses on bond swaps, and the amortization of a portfolio cost adjustment.

COST OF INVESTMENTS

U.S. Government obligations, corporate bonds, and Canadian obligations are shown at original cost adjusted for amortization of premium or accumulation of discount. Mortgages are shown at par value. Building and land are carried at cost on the agencies' books. All other securities are shown at original cost, except for bequeathed common and preferred stock which are shown as having a zero cost at date of bequest.

MARKET VALUATION OF INVESTMENTS

The market valuation of investments as shown in the financial statements is computed as follows: mortgages, repurchase agreements, certificates of deposit, building and land are recorded at par value; bankers' acceptances, commercial paper, and treasury bills are shown at cost; U.S. Government obligations, corporate and Canadian bonds are priced on June 30, 1975 using an average of two dealers' quotes; common and preferred stocks are recorded at closing prices on exchanges where traded as of June 30, 1975.

METHOD OF AMORTIZATION

Bond premium and discounts are amortized on the straight-line method. Discounts from principal amounts upon acquisition of mortgages are amortized over an eight (8) year average mortgage life.

STATEMENT OF INVESTMENT INCOME

The Statement of Investment Income shows a deferred loss of $827,497. This is composed of $594,430 prior years' deferred losses and current year deferred losses of $233,067 as shown in Schedule D. The investment income is net of $181,427 administrative expenses and the Trust and Legacy Fund is adjusted downward by $90,865.

BOND SWAPS

The deferral method of accounting for bond swaps is used. Under this method, gains and losses resulting from bond swaps are deferred over the remaining life of the bonds sold or purchased, whichever is shorter. The effect of the swaps on the completed transaction method is footnoted in Schedule D.

MORTGAGES, BUILDING AND LAND

The balances reported are provided by each agency administering them. The Board of Investments does not control the detail to these balances and, therefore, relies upon the respective agencies for the balances.

INVESTMENT OF NON-CONTROLLED FUNDS

The balance of the Employment Security Division Trust Fund Account is $8,975,877. The total state investments do not include the investments held by units of the University System; the amount of which is unknown.

SHORT-TERM INVESTMENT POOL

The total STIP investments as shown in the graphs of Type of Investments and Total Investment differ from the STIP investments as shown in the graph of Source of Investment by the amount of $476,365. The first two schedules show the Board's actual original cost of the STIP portfolio, while the latter schedule shows the participant's cost of the STIP units. STIP units are sold to the participants at the current market value of the STIP portfolio plus any accrued earnings as of the date the participants joined the investment pool.

YIELD ON INVESTMENTS

Most portfolio yield figures are calculated as follows: two times income divided by the sum of the beginning and ending asset balances less income. The yield for the Treasurer's Fund is calculated by determining the daily average invested balance and dividing this into current income. STIP yields represent the yield a participant would have received if funds were invested for the period 07/01/74 - 06/30/75. It is calculated by determining the daily average invested balance and dividing this into the accrued income for the period. Yields reported in the portfolio for individual holdings represent yield to maturity.

PRIOR PERIOD ADJUSTMENTS

An error in the computation of deferrals on losses for bond swaps in Fiscal 73/74 caused investment income to be understated and Deferred Losses overstated by $37,394.

Improper amortization of premium and discounts in Fiscal 72/73 and 73/74 caused investment income in those periods to be overstated by $81,790 and investments to be overstated by $106,623.

NOTES TO STIP FINANCIAL STATEMENTS

UNDISTRIBUTED EARNINGS

The Statement of Income and Disbursements contains undistributed earnings in the amount of $340,444. These earnings were retained as a result of an accounting procedure error whereby accrued earnings purchased by participants were written off twice when units were sold. This practice resulted in lower current earnings. The retained earnings were reinvested in the pool, consequently, each participants' cash and market value portion of the unit value was higher. This reinvestment likewise produced a high return to participants. Sellers of units receive their portion of the higher cash and market value plus higher earnings as a result of the reinvestment. The procedure of retaining earnings was corrected on May 30, 1975.

ADMINISTRATIVE EXPENSES

The daily accrual of expenses charged against income due participants equals one eighth of one percent times the market value of the pool, divided by three hundred and sixty-five. On the two distribution dates, the accumulated daily total of expenses is deducted from the amount available for distribution and is paid to the Board of Investments for operating expenses.

DISTRIBUTION DATES

Distributions to participants are made on the last working day of the months of May and November.

MARKET VALUATION OF SECURITIES

The market value of the securities shown in the statements is computed as follows: repurchase agreements and certificates of deposit are recorded at par value; bankers' acceptances, commercial paper, treasury bills, U.S. Government obligations, corporate and Canadian bonds are priced by using an average of two dealers' June 30, 1975 quotes.

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